

EUROPEAN NEWS

W German train project hangs on experts' report

By David Goodhart in Bonn

THE FATE of West Germany's futuristic, magnetically-powered, high-speed train project, Transrapid, will be decided by the contents of a 300-page experts report on the DM30bn (23.7bn) project which was yesterday handed to the Research Ministry.

WEST EUROPEAN NEW CAR REGISTRATIONS January-May 1989. Table with columns for Volume (Units), Volume Change (%), Share (%), and Share (Jan-May 88).

Growth of European car sales slows in May

By Kevin Done, Motor Industry Correspondent

THE RATE of growth in West European new car sales slowed in May under the impact of falling sales in West Germany and France.

Italian business leaders trumpet the triumph of capitalism

By John Wyles

THE GROWING conviction in the democratic capitalist world that a triumphant victory has been won over Marxist state socialism was given ample expression at a conference of Italian business leaders last weekend.

No one disagreed with Prof Michal Novak, the American philosopher, that capitalism had seen off its Marxist opposition because it allowed the fullest expression of man's creative and human instincts.

Steelworkers cast a vote for Gorbachev

By David Goodhart in Dortmund

EXCEPT for the enthusiasm of the workers and the quality of the steel, Mr Gorbachev could almost have been on home ground when he yesterday addressed 7,000 West German steelworkers in Hoesch's gigantic Westfalen steelworks in Dortmund.

The final major engagement of his German tour was certainly the warmest and most proletarian and so - the Soviet leader judged - the occasion for a lecture on how he was saving, not burying, "real" socialism.

Most of his audience were Social Democrat voters but saving socialism elicited only polite applause. However, when he reminded the workers of the Ruhr that their fathers had shown solidarity with the young Soviet Republic in the 1920s, the sons responded with some "Gorb. Gorb." chants.

There was also loud applause for anyone who said that Hoesch steel should not be used to build bombs.

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In a joke which may have been deliberately double-edged the replica machine was programmed only to allow victory for Mr Gorbachev.

The great and the good of the West German labour movement were there. Mr Willy Brandt, former SPD Chancellor, got the biggest cheer as he always does on these occasions.

Mr Werner Nass, head of the Hoesch works council, and the man who invited Mr Gorbachev two years ago to draw attention to job losses in the steel industry, proposed that the Soviet leader should receive the Nobel Peace Prize next year.

But although the comradeship was well-meant, and does have some historic roots, it also gave off a hollow ring.

Only a few days before in a newspaper interview Mr Robweder, who is himself a Social Democrat, said that the Soviet Union would only solve its economic problems when it adopts private ownership, competition and proper incentive and pricing systems.

In other words, Capitalism.

Poles face delicate electoral choice

By Christopher Bobinski in Warsaw

POLES face important choices this Sunday as they head round of parliamentary elections following Solidarity's landslide victory in the first round on June 4.

Ryzhkov says local Communist officials took part in Uzbekistan race riots

By Quentin Peel in Moscow

LOCAL Communist party and government officials in the republic of Uzbekistan were implicated in the bloody race riots there, which left more than 90 dead and 900 injured, according to Mr Nikolai Ryzhkov, the Soviet Prime Minister.

Waldegrave urges US action on chemical arms

By William Dulforce in Geneva

THE US should show the same "impetus and panache" in tackling chemical weapons as it had recently shown on the conventional arms front.

Palme murder trial in balance

By Robert Taylor in Stockholm

THE WIDOW of Sweden's murdered Prime Minister, Mr Olof Palme, has been asked to appear in Stockholm's High Court on Monday to give evidence in the trial of Mr Claes Pettersson (42) who is charged with the assassination.

Swiss franc forecast to stop falling

By William Dulforce in Geneva

THE SWISS franc, which has been unusually weak during recent months, will probably settle within a long-run trading range of SFr0.85-0.90 to the D-Mark, the Union Bank of Switzerland (UBS) says.

Bulgarian refugee convoys roll onwards

By Jim Bodgener in Istanbul

ALL week, small, sad convoys of deported Bulgarian Turks have been trailing through the Kapikule gate on the Bulgarian border and onto a single lane snaking across the rolling Thracian farmland. They are heading for Istanbul.

These are ordinary, decent people - peasants, professionals and townspeople, in any other country they would be solid citizens. Instead, they have been rudely torn from hearth and home by the Bulgarian authorities who are seeking to suppress their Turkish and Islamic heritage.

Of course, many had wanted to escape from the country and from persecution, but not for their departure to be suddenly announced by a hammering on doors, flimsy passports with three months' validity, being thrust into their hands, and a rough order to pack up and go with a few hours grace.



Frightened eyes of a Meskhetian child in a refugee camp look out on a hostile world

At the head of the riots. "The majority of Moslems of Central Asia believe that Allah turned to central Asia after the Soviet army was defeated in Afghanistan," he said. He predicted that the conflict would continue, because orthodox Moslems had great influence with the rioters, and now believed in "the liberation of central Asia from Soviet power at any price."

The truth is the Georgian authorities oppose their return. Mr Ryzhkov underlined the threat felt not only by the Turks, but by other minorities including Russians themselves, and Crimean Tatars, at the upsurge in violent Uzbek nationalism.

The Interior Ministry, which has up to 12,000 troops in the area, said the situation was tense but under control.

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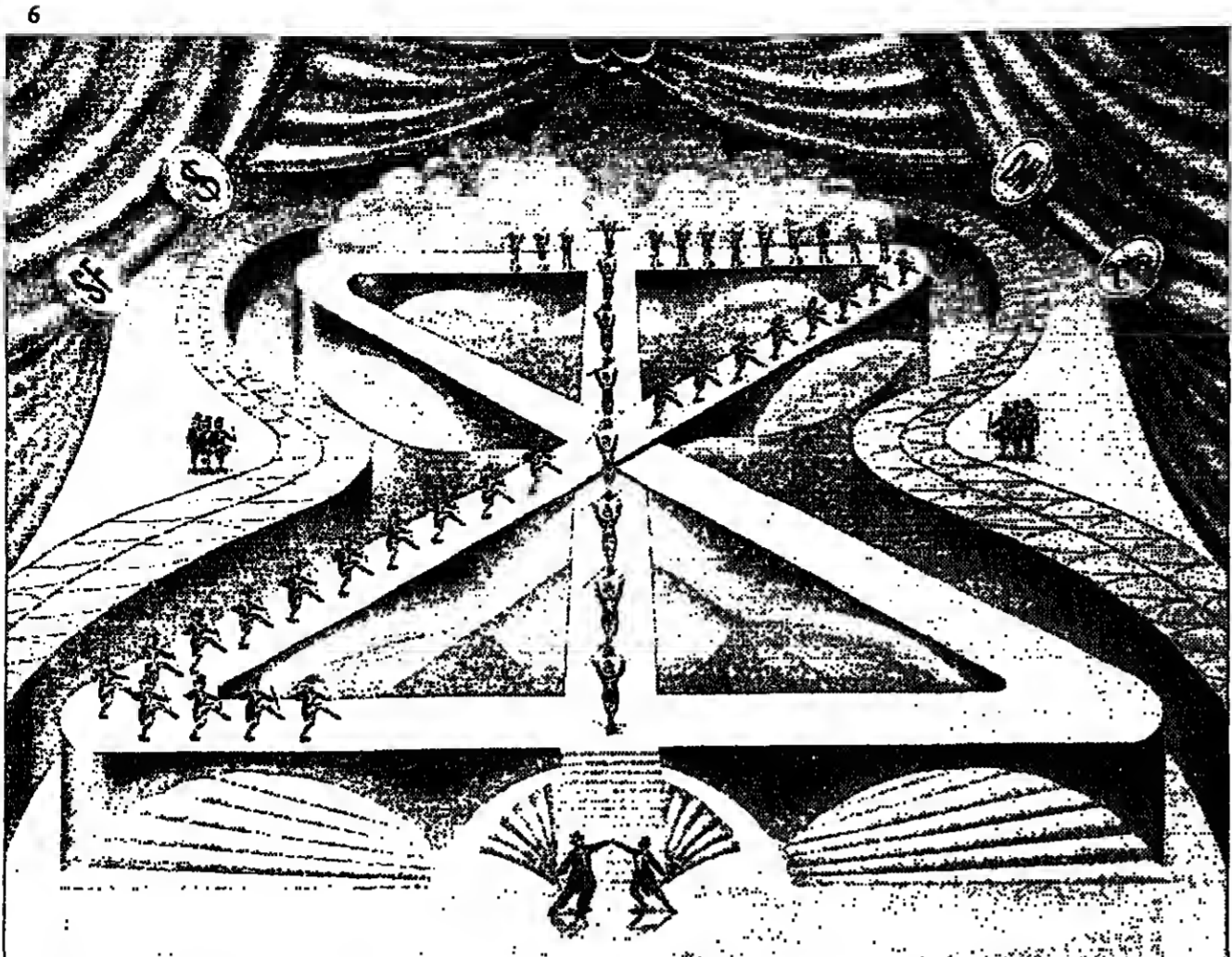
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NOTICE IS HEREBY GIVEN that a meeting of the creditors of the above company, in accordance with the provisions of Section 98 of the Insolvency Act 1986, will be held at Chartered Insurance Institute, 20 Aldermanbury, London EC2V 7JY on 27 June 1989, at 11.00am. The purpose of the meeting is to receive a statement of affairs and a report on the company's affairs and to nominate a liquidator and appoint a liquidation committee.

GOR-RAY INTERNATIONAL LIMITED

NOTICE IS HEREBY GIVEN that a meeting of the creditors of the above company, in accordance with the provisions of Section 98 of the Insolvency Act 1986, will be held at Chartered Insurance Institute, 20 Aldermanbury, London EC2V 7JY on 27 June 1989, at 1.00pm. The purpose of the meeting is to receive a statement of affairs and a report on the company's affairs and to nominate a liquidator and appoint a liquidation committee.

GRANDEES LIMITED

NOTICE IS HEREBY GIVEN that a meeting of the creditors of the above company, in accordance with the provisions of Section 98 of the Insolvency Act 1986, will be held at Chartered Insurance Institute, 20 Aldermanbury, London EC2V 7JY on 27 June 1989, at 1.15pm. The purpose of the meeting is to receive a statement of affairs and a report on the company's affairs and to nominate a liquidator and appoint a liquidation committee.

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Copies of the statement setting out particulars of the transfer are available for inspection at Three Quays, Tower Hill, London, EC3N 2DS, the registered office of the Traveler in the United Kingdom between 9.30 a.m. and 5.00 p.m. on Mondays to Fridays, for a period of 20 days from the date of publication in the Gazette.

Written representations concerning the transfer may be sent to the Secretary of State for Trade and Industry, Department of Trade and Industry, Insurance Division, 10-18 Victoria Street, London, SW1H 0BN, between 10 August 1989 and the Secretary of State for Trade and Industry shall not determine the application until after considering any representations made to him before the date.

ART GALLERIES

GALLERY UNBOUND, 50 Pall Mall, London SW1. Tel: 01-530 1845 TWO PIONEER MODERNISTS - Regional sales 1983-1988 and 1989-1991. An Exhibition of Early Architectural Drawings, Wed 17 May - Fri 20 June. Mon-Fri 10am - 5.30 pm.

WORLD TRADE NEWS

Tokyo puts forward plans to tackle Motorola row

By Peter Montagnon in Tokyo

Japan will present new proposals to the Bush Administration next week designed to defuse its row with Washington over the exclusion of Motorola cellular telephones from the cities of Tokyo and Nagoya.

The plan has raised hopes that the US will lift its threat to impose sanctions against Japan next month on the grounds that the barriers facing Motorola infringe the two countries' existing bilateral agreement on telecommunications.

It would involve Japanese companies which have already been allocated frequencies for cellular telephones in the two cities banding over their surplus frequencies to Motorola temporarily so that it can proceed with marketing its own cellular phones.

The plan will be formally presented to the US Trade Representative, next week by Mr Ichiro Ozawa, former Deputy Chief Cabinet Secretary who will be travelling as a special envoy of Mr Souseike Uno, the Prime Minister.

It has already met with a positive response from US trade officials attending wide-ranging bilateral trade talks in Tokyo this week.

Mr Linn Williams, Deputy US Trade Representative, said yesterday: "Our discussions with the Ministry of Posts and Telecommunications have been very useful and we are optimistic about what we may be able to work out next week."

A resolution of the Motorola dispute which has been festering for several months would help improve the atmosphere for other trade talks which are now under way between the two countries.

Yet after two full days of discussion in Tokyo this week, the US has failed to make any visible headway with Japan over its request for discussions on structural impediments to trade such as its cumbersome distribution system, and, separately, on its complaint under last year's Trade Act over

US officials to hold talks on dumping

By Nancy Dunne in Washington

THE two senior members of the US International Trade Commission are to meet EC and Gatt officials next week to discuss the need for harmonisation of anti-dumping and countervailing duty rules so that they can be properly adapted to the world trading environment. They will also be gathering information for a Congressional report on the EC internal market.

The FTC determines whether or not US industries have been injured by dumping or subsidies, thus paving the way for industry protection.

In many cases, parts of products are made abroad, so that an industry may seek protection for a product that has only 40-50 per cent of an American value-added component.

Both sides described this week's talks as fact-finding ones rather than negotiations, but Mr Williams said they would count as formal consultations which the US is required to undertake.

Paris and Moscow agree terms for countertrade contracts

By George Graham in Paris

FRANCE HAS reached a framework agreement with the Soviet Union for a wide range of countertrade contracts exchanging French agricultural and food processing machinery and technology for Soviet products ranging from oil to timber.

Mr Nallet said that the agreement represented a major advance, because it extended the barter possibilities to a whole range of new products.

Before, when we wanted to sell them a machine, they would offer us cranberry jelly in exchange. Today we have even talked about energy, notably gas and oil, but also animal proteins and timber," the French minister said.

The French delegation accompanying Mr Nallet included representatives of 10 industrial groups: Pernod-Ricard, which is discussing a fruit drinks factory, and Sureau at Denrées, which is talking on the renovation of a sugar processing plant, but also companies like Sanoth, the chemicals group, Soufflet, in the cereals sector, or Yoplait, the dairy products company.

These 10 companies are expected to form a consortium with the backing of Crédit Lyonnais, one of the leading French banks involved in the Soviet Union, to help develop projects and serve as a sort of countertrade clearing house.

Delors believes US fears over 1992 allayed

By Peter Riddell, US Editor in Washington

MR Jacques Delors, president of the European Commission, said yesterday that the US about a "Fortress Europe" after the creation of the internal market in 1992 had largely disappeared.

He was speaking at the end of a three-day visit to Washington during which he has seen President George Bush and members of the Administration, and leading businessmen.

Mr Delors said there had been a shift in US attitudes a few weeks ago, as shown in public comments he has seen. "The structure of the revision of proposed banking regulations to take into account the views of American banks."

The visit by Mr Delors, his first to Washington for four years, has underlined the general improvement in relations between the US and the EC, as earlier American fears about 1992 have been replaced by a more positive attitude.

He said: "The concept of the European Fortress was not the devil for the US - though this was not the case with Japan."

On the theme of "friendly partnership," Mr Delors' message was of reassurance about the vast opportunities offered by - "firstly by the US."

He stressed the European commitment to further international trade liberalisation and linked the 1992 process with the Uruguay round talks. But he defended EC proposals on local content of cars and limits to imported television programmes.

Mediterranean Rim nations warned on future of textiles

By Alice Rawsthorn in London

THE textile industries of the Mediterranean Rim must overcome problems of poor productivity and low quality if they are to remain internationally competitive in the future, according to a study by the Economist Intelligence Unit, the London-based independent research organisation.

In recent years, the textile industries of Mediterranean countries such as Turkey, Morocco, Tunisia and Greece have expanded rapidly because of the competitive advantages of low labour costs and their proximity to the European Community.

The study suggests that these industries must increase efficiency and improve the quality of their output if they are to maintain momentum in the long term.

The industries, according to the study, must also reduce their reliance on inward investment from the large European textile groups, which use countries such as Morocco and Tunisia as a low cost source of clothing and textiles.

The Mediterranean Rim has a small but important role as a source of textiles since the early 1970s to provide 5 per cent of worldwide textile and clothing exports to countries grouped in the Organisation for Economic Co-operation and Development. Turkey is the biggest single supplier of textiles to the European Community.

The sector is an important source of employment in the region, accounting for between 20 and 45 per cent of manufacturing output and employment in the RM countries.

The structure of the textile industry varies from country to country. The Turkish and Greek industries are dominated by several large companies, while Morocco, Malta and Tunisia are heavily dependent on foreign investment. The development of the Algerian and Egyptian industries has been hindered by internal problems.

Despite the growth of the Mediterranean Rim as a textile production centre, the EIU is cautious about its future prospects. It is concerned that the region is overly dependent on Europe as its main market and on investment from overseas groups.

The EIU also warns that the inefficiency and poor productivity of many Mediterranean Rim factories detracts from the advantage of low labour costs. It argues that the region must overcome these problems to remain competitive in the face of advances in textile automation and the threat of increased protectionism from the EC and the US.

Mediterranean Textiles and Clothing is published by EIU, 40 Duke Street, London W1A 1JW. £150.

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PIONEER STUDY ON GLOBAL TELECOMMUNICATIONS

Loquacious British outdo insular Japanese

By Hugo Dixon

THE US drugs police may find it difficult to stop cocaine smugglers from Colombia. But they might get an idea how fast the trade is expanding by looking at the telephone traffic between the two countries.

In 1988, people in Colombia and the US spent 113m minutes on the phone talking to one another. This was 20 times as much as they spoke in 1978, and more than twice as much as in 1968.

Similarly, if you want to check up on the progress of glasnost and perestroika, one of the best indications is to look at how often Russians are calling abroad. The progress between 1978 and 1988 was astonishing. Telephone traffic from the Soviet Union to the US grew from only 870,000 minutes to 700,000 minutes.

This was about half the traffic that Poland and Yugoslavia experienced, and only a quarter of Malaysia's figure. It could be argued, however, that the Gorbachev revolution had barely started in 1988 and conclusions about its impact will have to wait until 1987 and 1988 figures are available.

These figures are contained in pioneering studies on the flow of telecommunications traffic around the globe, published recently by the London-based International Institute of Communications. As well as highlighting the particular cases of the Soviet Union and Colombia, they reveal the invisible links between the world's leading trading blocs.

One of the striking observations is how little the Japanese use the telephone for international calls. Although Japan accounted for 15 per cent of world GNP in 1986 and 10 per cent of world exports, Japanese made only 1.9 per cent of international phone calls. This is partly explained by time and language differences.

Over a quarter of the time spent on the phone by people in Japan was talking to the US. After that came South Korea with 13 per cent, Taiwan with 11 per cent and Hong Kong with 9 per cent. Its most important European correspondent was the UK which accounted for 6 per cent of Japan's international traffic.

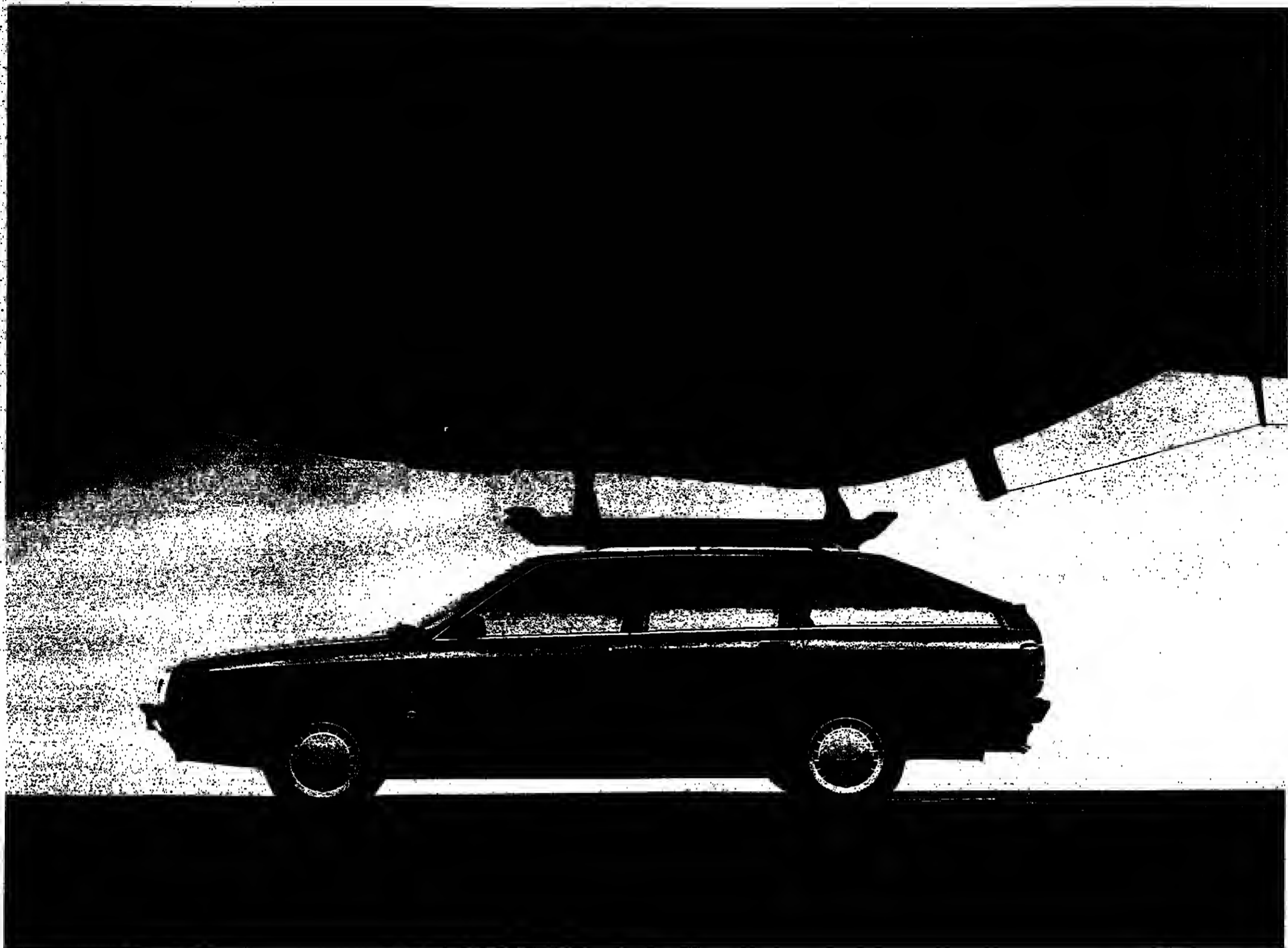
The insularity of Japan is in direct contrast to the loquaciousness of the British. Although the UK accounted for only 3.6 per cent of world GNP and 5.1 per cent of world exports in 1988, it was responsible for 7.4 per cent of international phone traffic.

The pattern of Britain's phone calls is also highly skewed to the US, making clear that in 1986, at least, British business people did not have much to talk about to their counterparts in other European countries.

Nearly a quarter of the UK's phone traffic was to the US, while only 11 per cent was with West Germany, 9 per cent with France and 5 per cent with Italy. It will be interesting to see if this bias against Europe changes by 1992.

The other leading European economies, by contrast, spend most of their time talking to other Europeans and very little phoning across the Atlantic.

Germany's main correspondents are other German-speaking nations - Austria, which accounts for 12 per cent of its traffic, and Switzerland which is responsible for 10 per cent. "Global telecommunications traffic flows and market structures: a quantitative review." International Institute of Communications, Tavistock House South, Tavistock Square, London, WC1H 9LP.



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UK NEWS

Bank survey of 400 institutions Financial sector 'set to gain from single market'

By David Llewellyn, Banking Editor

THE European Community's plan to create a single market by 1992 contains more opportunities than threats for UK-based financial institutions, although it is likely to produce rapid changes in the financial services business.

The Bank of England reaches this conclusion from a survey of 400 banks, building societies, insurance companies, fund managers and professional advisers.

The survey is the most authoritative assessment so far made of financial services' attitudes towards 1992, and was conducted both to find out what companies are up to, and to stimulate their awareness of imminent change.

The Bank says that 1992 will accelerate the evolution of the European financial markets in line with global trends towards deregulation, but will not itself usher in "a brave new world."

A genuine single market is most likely to develop first in financial products for large corporations - a trend which is already observable. But anything approaching a true single market in retail services is expected to be limited to a small range of items such as credit cards for some time.

The Bank says UK financial services industry appears confident of its ability to handle inward competition because of the traditional openness of UK markets, and the institutions'

belief in their own capacity and competence. Even so, they will take action to secure their home base because of the threat of foreign competition and takeover.

However, the survey also shows that 1992 is unlikely to produce large bank takeovers, though there might be some restructuring at lower levels. Mergers and collaborations among institutions, often for defensive reasons, are also likely.

Among the countries where UK-based institutions are most likely to seek to expand are France, Italy and Spain, because of both their size and prospects for change. The German market is seen as too tight and static.

London comes out well. Respondents, even those from elsewhere in the EC and outside it, said they saw it as their preferred base to run pan-European operations. However, many of them were worried about the rising burden of UK regulation, and said this might prompt them to move out.

Generally, the Bank says, awareness of 1992 has improved greatly among financial institutions, and many of them have gone a long way towards establishing a corporate strategy which takes account of 1992. Some were still trying to decide what to do, but some had failed to address issues effectively.

Venture on substitutes for CFCs

By John Hunt, Environment Correspondent

SEVEN chemical companies from around the world have agreed to collaborate on a joint research programme costing £3m to test safe alternatives to chlorofluorocarbons (CFCs), the materials which deplete the atmosphere's ozone layer.

The companies will pool resources to test substances HFA-124 and 125, which are potential replacements for CFCs in a variety of applications.

The substitutes will be tested to ensure that they have no dangerous side effects.

Companies taking part are Allied-Signal (formerly Allied Chemicals) and Du Pont in the US, Atochem in France, IG and ISC Chemicals Ltd in England, Dainippon in Japan and Montefiore in Italy.

The programme will avoid duplication of tests by participating companies and should shorten the overall toxicity testing period from six or seven years to about five.

It will also prevent overloading of laboratory space and ensure the supply of substitute materials in which there are shortages.

Dr Brian Soyner, business development manager of RTZ Chemicals, parent of ISC, said he expected the development of safe alternatives to CFCs to be "a long haul".

HFA-124 is being considered as an alternative for CFC-12 and CFC 114 which is used in thermoplastic foams which are employed in packaging, in insulating material and as a refrigerant.

HFA-125 is a possible alternative for a mixture including CFC-115 which is used in a variety of refrigeration systems.

The two substitutes have shorter atmospheric lifetimes than CFCs.

BSB wins satellite channels

By Raymond Snoddy

BRITISH Satellite Broadcasting, the satellite television company, was yesterday awarded the UK's last two high-power satellite channels by the Independent Broadcasting Authority.

The channels, subject to technical tests, that BSB will launch its service next spring as a five-channel system.

BSB, which last month postponed its planned September launch because of technical difficulties, was originally awarded three direct broadcasting channels in December 1986. Like other European countries the UK was allocated five DBS channels and the Government decided to bring forward plans for the remaining two channels after the launch of Mr Rupert Murdoch's Sky Television on Astra.

BSB plans to use its two extra channels for NOW, an information channel, and The Power Station, a channel based around pop and rock music. The original three channels will be The Movie Channel, The Sports Channel and Galaxy, an entertainment channel.

BSB's shareholders include Granada, Pearson (publishers of the Financial Times), the Bond Corporation and Reed International.

The BBC has signed a five-year agreement for a television channel on Olympus, the European Space Agency's experimental satellite, to be launched next week.

The BBC will use of the satellite between 5pm and 1am Central European Time to transmit over Europe to cable networks and those with suitable receiving dishes.

The channel, BBC Olympus, will carry programmes from both BBC1 and BBC2, educational and training material and possibly specialist subscription services.

W. German group forms joint UK car part venture

By Nick Garnett

IN A further move by continental European companies into the UK automotive component industry, Lemforder of West Germany is entering a joint venture with United Engineering Steels for the manufacture of suspension and steering parts.

UES, the UK's second largest steel maker manufactures ball joint assemblies and tie bars at its Special Products Darlaston business in the West Midlands.

This business is to form the basis of a new company to be owned 50/50 by UES and Lemforder which is 51 per cent controlled by ZF, the West German gearbox maker and engineering company.

UES is contributing the Darlaston business which sells to a number of car makers, including Ford and Rover. Lemforder will provide cash for share and loan capital.

The British company said yesterday that the new company, to be called Special Products Lemforder would benefit from the technical and market

strength of Lemforder. The West German company would gain by obtaining access to the UK market.

Mr Paul Ballmeier, Lemforder's chief executive and a ZF director will be chairman of the joint venture business. Mr Jim Evans, plant director at Darlaston will become managing director.

The Darlaston company employs 210. The new company is expected to begin trading next month.

The British motor component industry has seen a number of acquisitions by non-UK companies, joint ventures and the setting up of greenfield sites in the past two years.

These include the purchase of the Lucas lighting business by Marelli of Italy and the setting up of Japanese component plants near Nissan in the north-east. The trend has accelerated recently with the decision of Bosch of West Germany to build a plant in South Wales.

Rapid response to aviation faults

Michael Donne on the trouble-shooting network guarding air safety

THE SPEED in which Britain's Civil Aviation Authority has responded to the problems on certain Boeing 737 engines this week has focused attention on how the regulatory bodies keep check on safety.



The Midlands crash: a source of vital airline safety information

Within 48 hours of the first reports of a fan-blade failure in a CFM56-3C1 engine on a Dan-Air 737-400 flying from Gatwick to Minorca, 12 aircraft used by five UK airlines were grounded, and within another 24 hours the rest of the world fleet of 737-400s using the same engines had been grounded.

There were clear similarities with the fan-blade failure on Dan Air - the independent UK carrier - and the blade-failure to the British Midland 737-400 which crashed in the Midlands last January.

The secret of the rapid response to such a serious safety problem lies in a complex network of information exchange between the world's airlines, aircraft manufacturers and regulatory authorities, which ensures that within hours of an incident, virtually every one in world air transport knows about it.

In the UK, the basic information is contained in a Mandatory Occurrence Report, or MOR, filed by a pilot or a ground engineer when any-

thing goes wrong with an aircraft to flight or on the ground. Thousands of reports are filed each year with the Civil Aviation Authority (CAA).

Soms are filed directly with CAA personnel working at airline maintenance bases. Others go to the Air Accidents Investigation Branch of the Department of Transport if they are serious enough.

All of them are filed on computers at the CAA's own Safety Data & Analysis Unit at Gatwick Airport, London.

There is always an immediate response to any incident that reveals similarities to past

events.

CFM International - the joint company set up by Snecma of France and General Electric of the US to build the CFM56 engines - told the CAA there was major problem.

As a result CFM recommended all operators of 737-400s to use reduced maximum take-off power from the 23,500 lbs to 22,000 lbs.

The British Midland incident on Sunday, when one of its 737-400s with 3C-1 engines experienced a similar fan-blade failure was reported immediately, this time to the Air Accidents Investigation Branch,

because it involved the structural integrity of the engine, which in turn told the CAA.

The CAA's Safety Regulation Group - which oversees the safety of the Dan-Air and British Midland incidents, and the Midlands air crash, were so close as to warrant grounding all 12 737-400s with 3C-1 engines on the register.

Boeing the aircraft manufacturer, CFM International and its partners Snecma and General Electric on the engines, the airlines, and other airworthiness authorities were all kept informed.

When the grounding order came, the airlines were poised to respond, and the US Federal Aviation Administration soon followed suit.

What is now happening is that a worldwide investigation into what caused those fan-blade fractures is in progress. Every aero-engine manufacturer in the world is as deeply concerned as CFM about what has happened, for the inquiry reflects on the integrity of manufacturers.

Until the cause is established and a solution found, whether by fitting new fan-blades or redesigning the engine, the 33 aircraft involved, including 12 in the UK, will stay grounded.

Boeing to discuss options for restoring 737-400 services

By Michael Donne and Lynton McLain

BOEING, the US aircraft manufacturer, is to meet the Civil Aviation Authority and the five UK airlines whose Boeing 737-400 airliners have been grounded, today at London's Gatwick Airport to discuss options for getting the aircraft back into the air.

The meeting has been called to consider first, whether the 737-400 airliners should be fitted with the B2 version of the CFM56 engines currently fitted to the UK fleet of 12 Boeing 737-400 airliners.

Fan blades in the 3C-1 engines failed on three occasions in flight, twice last weekend and in January when a British Midland Airways' Boeing 737-400 crashed killing 47 people.

The representatives will also consider whether the front fan and disc on the 3C-1 engines should be replaced and whether the complete fan assembly should be changed.

The French-based makers of engines fitted to the grounded Boeing 737-400 airliners said, however, that no defects had been found in engines so far examined.

British Midland Airways is meeting the crisis caused by

the grounding of its 737-400s by using aircraft from one of its major shareholders, Scandinavian Airlines System.

Air Europe, the holiday charter and scheduled airline of International Leisure group which had to ground its four Boeing 737-400 airliners, has had to cancel four of its flights since Monday. Air Europe passengers were transferred to other, scheduled airlines.

Important recommendations for the improvement of air safety were approved by the Government yesterday, which also turned down suggestions for a number of major changes to the present system, Rachel Johnson writes.

Mr Paul Channon, the Transport Secretary, said the Government broadly accepted the analysis of the Civil Aviation Authority's air traffic control safety record by the all-party transport select committee in Parliament.

The committee's recommendations for a main second runway at Gatwick was rejected by the Government, although the committee asked that one should be provided in spite of the "many difficulties, obstacles and inevitable controversies" that would follow.

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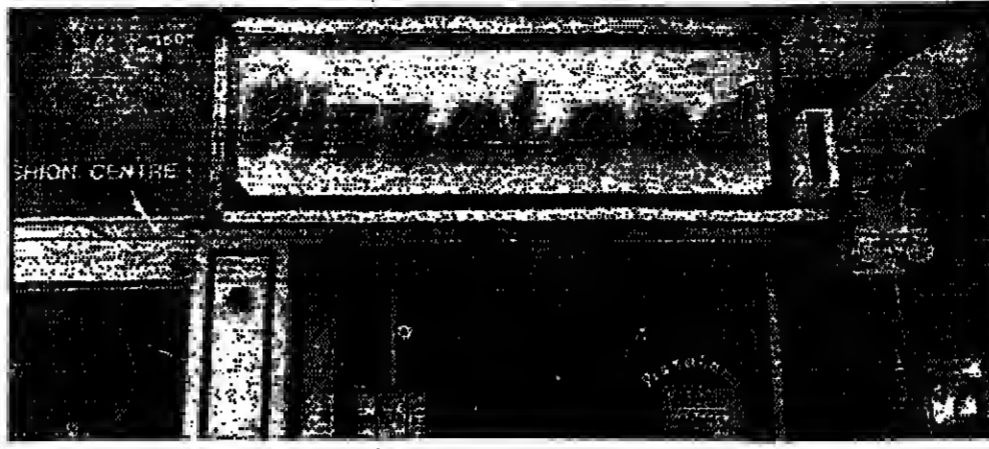
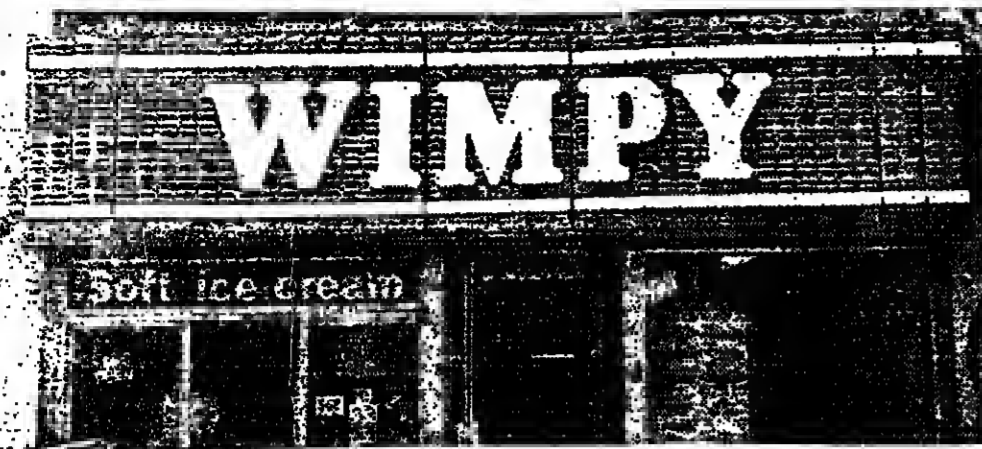
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MANAGEMENT



There is, Simon Tuckey says, more than one way to skin a continental cat. The marketing director of UB Brands, the baked goods division of United Biscuits, rolls a packet across the desk, fresh from the company's ovens at Asby-de-la-Zouche, crackling in an unfamiliar wrapper. *Graczer-zak*, it reads, and to one side, the brand name Barilla.

Of course, Nabisco's continental biscuit and snacks businesses — so recently and so gallingly snatched from under the gathering bidders' noses by France's BSN — would have given Britain's biggest biscuit maker a more substantial cutting edge in Europe. But the new link, baking cookies for Italy's Barilla, one of the continent's largest private food companies, illustrates UB's other options for pursuing profit in the community.

There are more, similar, plans in preparation — it is now standard practice for the company to test market new products in Milan and Bonn in tandem with trials in Manchester and Birmingham — and the acquisition file is still open.

The recent reorganisation of its European snacks business, bringing the fledgling Belgian Westimex and French Sepa under the wing of the core KP operation in Britain, confirms a timely focus on European markets. And this week's preparations for the sale of fast food chains, Wimpy, Pizzaland and Perfect Pizza, demonstrate a determination to concentrate on the core businesses: biscuits, snacks, confectionery and frozen food, which account for about 95 per cent of sales and trading profit.

Wimpy, a substantial part-owned, part-franchised hamburger chain, has been through the fire in the past few years, but has recently emerged as a worthy competitor to McDonald's with a claimed 33 per cent

Back to the basics of biscuits

Christopher Parkes examines the background to United Biscuits' decision to sell its fast food restaurant chains and concentrate on building more value into its core businesses

bite of the burger market.

Pizzaland, meanwhile, has some way to go. Ranking second by market share, with 159 restaurants at the end of 1988, it falls much further behind Pizza Express in terms of customer preference. Much work is being done on repositioning the chain, extra staff are putting a little more zip in the service, but trading profits of only £1.5m on sales of more than £60m last year suggest that UB is well advised to leave the selling of pizza to the experts and stick to what it knows best, food manufacture.

With BSN now sporting the crown of Europe's biggest biscuit maker, and with stiffening local competition in the UK from the likes of Northern Foods (another company routed out of the Nabisco auction by BSN), UB is looking to its laurels. By the standard measures, the group's 47 per cent share of the overall biscuit market in branded and retailers' labels gives it a powerful position in the UK mar-

ket. But that market is fragmenting.

By Tuckey's reckoning, the £1.2bn biscuit market is under challenge from confectionery countlines such as KitKat, bread, cakes, crisps, nuts, even fruit and prepared sandwiches. Accordingly, UB as a group is moving outwards into these areas in co-ordinated fashion.

UB Brands, meanwhile, is busy chipping away at the countertop business, selling biscuit-based coated products, Hob-nob bars and a new product, Gold Bars, are expected to turn over £25m this year from a standing start in 1988. The aged Penguin has also been dusted off and given a promotional boost, with the result that in the first four months of this year, UB's share of the multipack countertop market climbed to more than 23 per cent from 19 per cent last year.

UB Brands has been transformed to cope with changing market conditions. Last year it absorbed the own-label biscuit operations of KP Foods, which

is now focused entirely on nuts, crisps and other savoury snacks. Under the control of Eric Nicol, recently named as heir apparent to chairman, Sir Hector Laing, it has been divided into four discrete profit centres — biscuits, baked snacks, speciality biscuits and McVitie Cakes — "More, smaller ponds for people to be big fish in," Tuckey says.

He has especially high hopes for the smallest of these ponds, speciality biscuits. This is currently occupied by Simons, a little known UB company, turning over a mere £5m a year, compared with £341m from the mainstream biscuits business. It has the job of tackling the interlopers, generally small independent manufacturers, which have carved out a presence for themselves among the smaller specialist retailers in the underbelly of the mass market.

There is also an international dimension to the company's new policy. Although UB already exports some 10 per

cent of its biscuit output, with 24 per cent of sales income from continental Europe each year, Tuckey admits that competing with entrenched mass market competitors supplying long-established specialities is an uphill task.

However, he says, continental biscuit makers face competition similar to that in the UK, with countlines and other snacks gaining favour. Since these tend to come in novel forms with new tastes, he considers UB, with its legendary production efficiency, quite capable of competing effectively.

At home, meanwhile, the company is absorbed by problems brought on by the efficiency which has given it its powerful position in the market.

"Look at that," Tuckey snorts. A graph on the wall shows the retail price index since 1980, 27 points higher than the index of biscuit prices. "Those damned lines go all the way back to 1945 like

Up for sale: United Biscuits' two principal fast food restaurant chains

that."

UB is a victim of its own success, he says. The group's response is showing through in efforts to push more sophisticated and expensive product into the shops. It is currently promoting Boasters, a pricey new line with a gross sales value of £3,500 a tonne, compared with around £1,100 for McVitie's digestives. Mini Cheddar biscuits and the Gold Bar and United countlines sell at around £3,000.

It was to push more of these products into supermarkets that UB scrapped almost 40 routine brands between 1986 and 1988. But the project has had little discernible success. The group has not lost market share, but much of the shelf space it freed has been taken up by run-of-the-mill products — "there's still tons of cream crackers and not enough chocolate" — and copies of UB's best-selling Hob-nobs. Fox's, the Northern Food subsidiary, piled in with a new range of assortments, a market sector previously believed to be in terminal decline, and discovered it had too little capacity to meet demand.

Looking on the bright side, Tuckey suggests that this conservatism in consumer tastes and retailing tactics, combined with good old British monopolism, may offer some protection from any planned invasion by BSN's continental brands.

However, at least until UB succeeds in upgrading UK biscuit-eating habits, there is another, much more secure obstacle to imports: the singularly biscuit price index. With basic biscuits selling in community countries at almost twice the prices prevailing in the UK, no overseas manufacturer will willingly throw itself on that particular bed of nails.

American CEOs take a parochial view of competition

By Michael Skapinker

American chief executives think that their successors will have to be good public speakers who know how to deal with the media.

They do not, however, believe that the chief executives of the future will need any foreign language skills or international business experience. Nor do they think that foreign competitors will pose much of a threat to US companies in the 21st century.

Business leaders in Japan, Western Europe and Latin America take a different view. They believe that the chief executives who lead their companies into the 21st century will have to be fluent in several languages and have extensive international experience. They think that their successors will face an increasing level of international competition.

The authors of a new report, based on a survey of over 1,500 senior executives in 20 countries, think that the Europeans, Latin Americans and Japanese are right. The American view, they say, is worrying and depressing.

The report, by headliners Korn/Ferry International and the Columbia University Graduate School of Business, says that "the insularity of US attitudes towards international business and international communications, while neither unexpected or new, points to a continuation of America's lagging competitiveness."

"By discounting the importance of an international outlook, of multilingualism and of foreign assignments, our US respondents gave expression to a parochialism that can only inhibit opportunity."

What the US executives were worried about was the level of government regulation of business. "Indeed, government regulation is viewed as the most serious threat of all by US respondents who believe that the era of deregulation is behind them," the report says.

The Americans were also worried that future chief executives would not be able to attract enough qualified staff.

The Japanese respondents, on the other hand, were optimistic about the continued availability of qualified

employees. They did not think that government regulation posed a particular problem. They did, however, regard foreign competitors as a threat — hence their emphasis on the importance of language skills and global experience.

The Japanese also thought that chief executives in the year 2000 would need to understand technology. "The Japanese perceive technology, in its many manifestations, as the key to success in the 21st century. In line with their emphasis on new product development, our Japanese respondents rated such areas as research and development more highly than their counterparts in other regions."

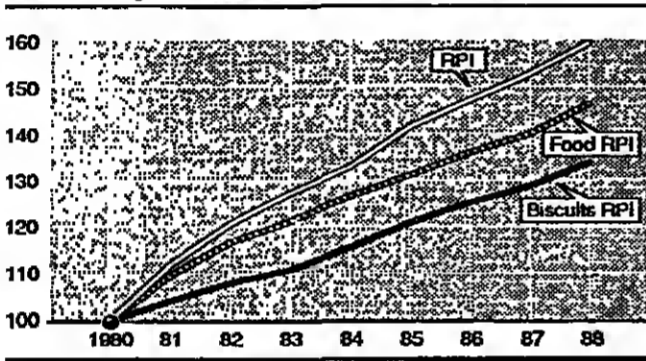
The Japanese also thought that the business leaders of the future would continue to make all the important decisions. The chief executive's "involvement in all decision-making processes has long been a distinguishing feature of Japan's corporate structure," the report says.

"Although Japanese respondents predict a slight decrease in this trait between now and the year 2000, they still consider it more important than any of our other respondents. While responsibilities in the Japanese corporation are invariably delegated, the chief executive will still have to approve all significant plans."

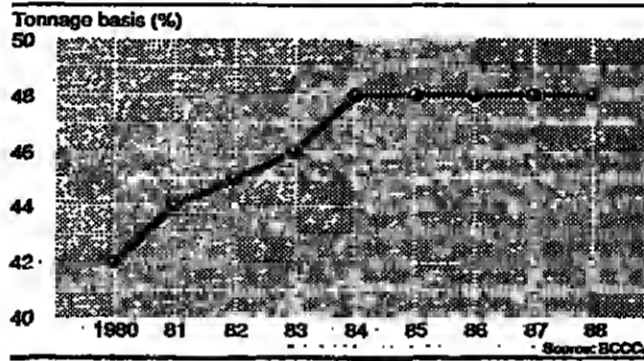
The Western Europeans thought that the chief executive of the future would, ideally, have had a specialised education. The report found that Western European executives valued a liberal arts education less highly than their counterparts in other regions. They also placed less emphasis on experience in different business functions than chief executives elsewhere. "Fewer than half the executives from Western Europe considered such experience very important, compared to about two-thirds of executives from other regions. These figures suggest a European bias towards functional excellence in a single area as an important criterion for executive advancement."

Reinventing the CEO, from Korn/Ferry International, Norfolk House, 31 St James's Square, London SW1 4JL. £30.

Biscuit prices relative to inflation



UB share of branded biscuits



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TECHNOLOGY

If the community charge cannot be collected efficiently, UK councils will lose a lot of money. FT writers assess the technical solutions

Rolling register rocks the poll tax system

Every time Gremplan regional council, in north-east Scotland, makes another mail-shot to its community charge payers, it receives a wave of replies from people saying that they have moved house.

assessing their software requirements two years ago. The four users of ICL equipment - Lothian, Fife, Grampian and Highland - drew up a joint specification for the software programmes they wanted to cover registration, billing, collection, rebates and recovery.



grammes day and night to transfer the data from the interim register to the new file structure. At the same time, acceptance testing of more than 1,000 software programmes was carried out - taking many more man-weeks than the council had estimated.

course, every time a family moves that can involve four people changing address, instead of just one change under the rates system.

"The reference numbers are important because with the community charge there are so many payments of exactly the same amount. Under the rating system, where everyone was paying different amounts, it was often possible to trace someone's payment by the amount itself, if other details were missing," he says.

It was only when the bills went out in March that people deluged the council with direct debit mandates and rebate requests - and a further sheaf of changes of address. These necessitated sending out new bills incorporating rebates and changed addresses. The processing of rebates went on well into May.

ple back to their former addresses. "With the community charge there's no manual system, unlike any other activity of the council," says Berrie. "This is a computer system or nothing."

The High Street electronic cash revolution has reached the UK's town halls. In an attempt to smooth the payment of the community charge, several local authorities plan to install through-the-wall cash machines.

Cash payments to go through the wall. Customers who use pre-payment meters are issued with a card, which gives them access to a High Street machine to buy tokens for the meter.

Raymond Tollman, Westinghouse's business development manager, says the group has already received orders for more than 60 machines. "There are more than 400 local councils, but although some well-heeled boroughs won't need them, we estimate the market to be more than 600 machines around the country, and it could be as many as 1,000," he says.

For local authorities, the electronic charge payers means money. If just one per cent of tax payers escape the net, the average metropolitan district would lose £500,000 of annual income, according to Hugh Morrow, Revenues Business Manager for ICL, the computer manufacturer.

On the trail of the mobile resident. Systems operators of two such networks are already touting for business, but the two services are not compatible. As a result, local authorities could face either being cut off from many of their voters or subscribing to two networks.

question of swapping data between the networks. But he believes that the stumbling block will be the commercial terms of the connection.

service, each local authority is allocated a mailbox on the network, so a message can be sent directly from its computer system to another authority's mailbox when one of its residents is on the move.

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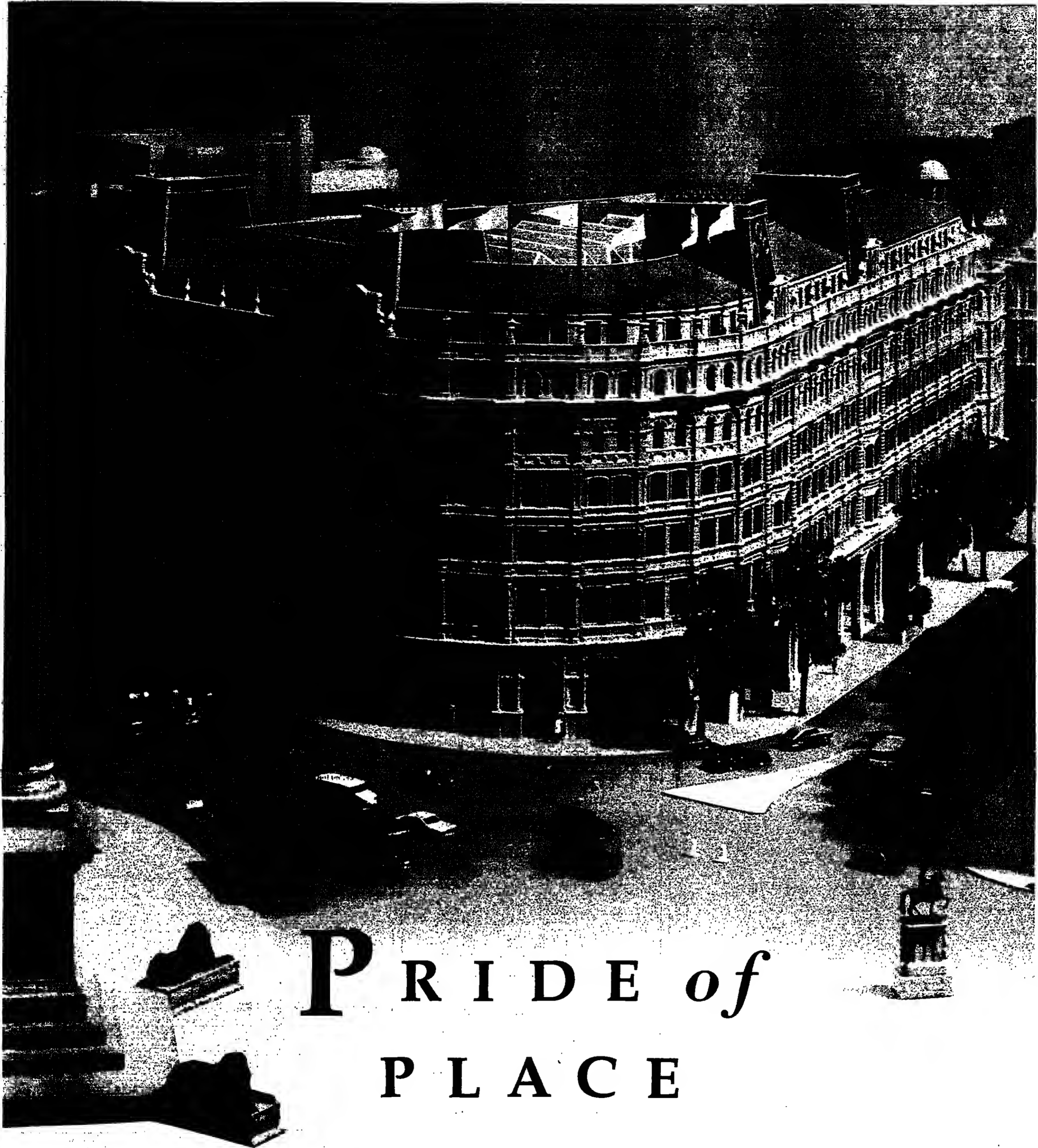
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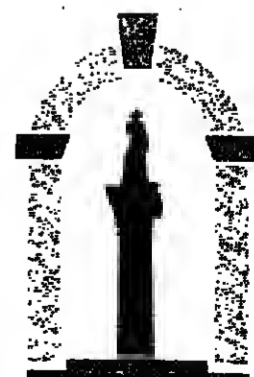
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THE PROPERTY MARKET

Paul Cheeseright on Regalian's efforts to diversify into commercial development
A worthwhile, satisfying mix

The veterans do not forget the 1970s property crash. It is at the back of David Goldstone's mind and is at least partly behind the push of Regalian, of which Mr Gladstone is chairman, into office property development.

Mr Goldstone has been in the property business since the 1950s. Regalian came to the market in 1972 as a residential specialist and that is what it has remained. But the company which won the plaudits of the stock market in 1986-87 made losses between 1974 and 1978 and did not pay any dividends between 1974 and 1982.

So Mr Goldstone knows what it is like trying to stay afloat. It was natural that he should regard a surging house market with a degree of caution. "I was asking when the residential boom will end. The relationship between wages and disposable income meant it couldn't continue but I was always being proved wrong," he said. Until last year that is.

This proved to be the sign that Regalian should be doing something else as well. In February 1987, Regalian bought the Bankside site by Southwark Bridge on the south side of the Thames - a mixed housing and office site. The opportunity for diversification fell into Regalian's lap.

The group started down a path others have trod. Trafalgar House put most of the emphasis in its property development on residential during the early 1980s before swinging back to commercial in the second half of the decade. Another, Countryside Proper-

ties, has been adding a commercial arm to its residential business.

But after the purchase of Bankside, home for two office buildings each of about 150,000 square feet, Regalian consciously followed a policy of diversification. Vauxhall Cross, further west on the south bank, became a development project for 450,000 square feet of offices. A joint venture with Olympia & York at Heron Quays in London Docklands has an office element of 500,000 square feet. Another with NPC and Higgs & Hill at Bishopsgate, Paddington, in west London, has an office content of 385,000 square feet.

Here then is a substantial commercial property development programme which inevitably has meant changes inside Regalian. There are similarities between residential and commercial development. In both cases, Mr Goldstone said: "You have to identify the profile of the purchaser or tenant and know their expectations, then seek not only to meet those expectations but to offer something more."

But commercial property cashflow can be much lumpier than residential. There might be 100 buyers for 100,000 square feet of residential space but only one or two tenants for

100,000 square feet of office space. A few large commercial projects need different management techniques than a higher number of smaller residential ventures.

In any case, more people had to be hired at Regalian. Two years ago it had 50 people. Now the number has doubled with a hard core of about 35 middle- and senior management. Hiring professionals was in fact easier for commercial developments than it would have been for residential. "It is easier to find professionals in various disciplines with experience of the high technology requirements of modern commercial buildings. In the UK there has been extensive office building in the post-war period and its been at the forefront for the last 10 years. But on the residential side the only people with significant projects were the local authorities," said Mr Goldstone.

Like most other property companies Regalian buys in professional services - archi-

ects, quantity surveyors and so on - when they are needed. But these professionals are not given the free hand they used to have in the 1960s, Mr Goldstone recalled. "Now there is a much more hands-on approach. You give a lead to the professional team, so you need in the company people of the disciplines you're employing outside."

Regalian executives are split into teams which are in charge of one or a number of projects. The teams report to a development director, who reports to managing director of the Group's operating subsidiaries, who reports to Mr Goldstone. But that chain of command is not as bureaucratic as it looks. The numbers are small and people talk to each other "so that financial control is immediate."

In financial terms, residential and commercial can be a good mix. The residential side, unless the bottom really does fall out of the market, provides a cashflow, which can be fun-

nelled into the larger commercial projects. The more that Regalian can put into the projects from its own resources, the larger the chunk of investment or profit it can retain at the end of the day. What it seeks to do is to avoid the sort of institutional funding which at the end of the day creams off the better part of the development profits.

"Our role is to create profitability with a view to overriding the peaks and troughs in both the residential and commercial markets. But it is also to use the generation of development profits to enable us to retain investments," Mr Goldstone said.

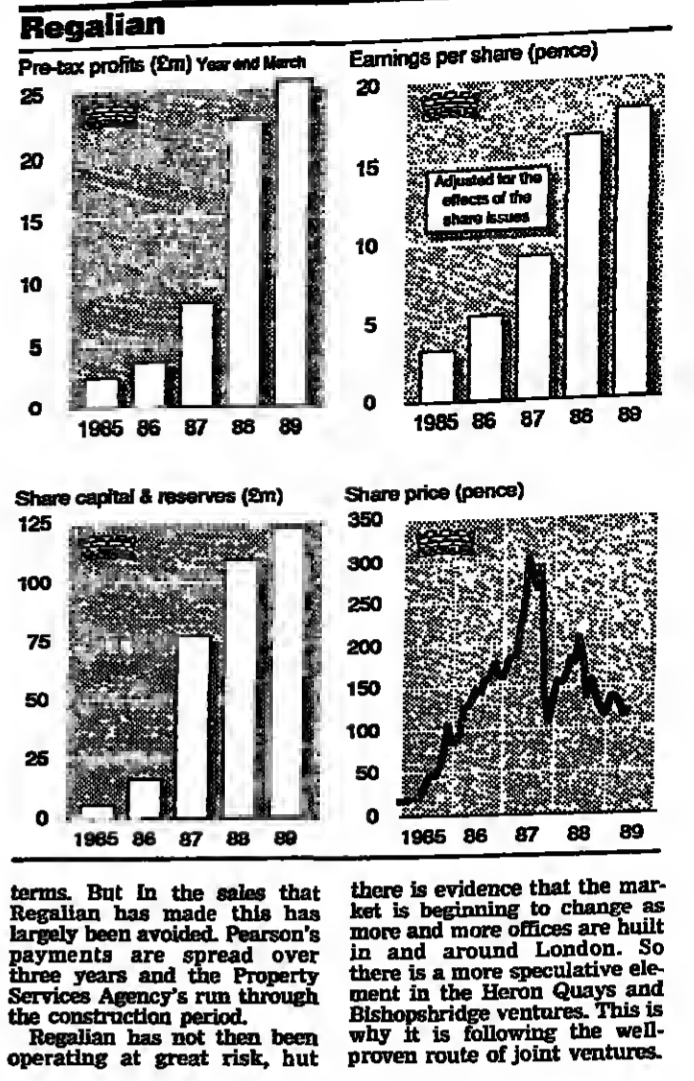
This is an orthodox approach but is different from that at one stage adopted by, say, Heron, which used petrol station cashflow for the same purpose, or Ladbroke, which used betting shops. "Everything becomes a means of creating cashflow to build up net assets," added Mr Goldstone. There is in this at least half

an eye on the Stock Exchange. Before the crash of 1987, the stock market happily accepted property hybrids - companies which were reporting growing earnings while at the same time slowly expanding an asset base. It is now keener on the asset-rich property companies.

Even seen in terms of earnings as opposed to asset companies, groups like Regalian are poorly rated. Its price-earnings ratio has been 7.5, London & Edinburgh Trust 7.7 and London & Metropolitan 9.5. The list goes on.

Thus far, Regalian's commercial ventures have not left it financially exposed. At Bankside, one building has been sold outright to Pearson for the Financial Times and another has been pre-let to Lloyds Bank. At Vauxhall Cross, the building is being bought in advance by the Property Services Agency and the payment for that will flow over the construction period.

While residential property revenue, once enough projects are in motion, can flow relatively evenly, commercial property revenue can be much more erratic unless carefully controlled. Great jumps of revenue, even apart from the difficulties of financial management, are inefficient in tax



Rental value growth (%)

	Retail	Office	Industrial	All Property
Year to Dec 88	18.9	27.8	22.2	23.9
Year to Apr 89	17.2	25.3	24.9	22.0
Monthly rate - Apr 89	0.9	1.0	1.5	1.0

Source: Investment Property Database

terms. But in the sales that Regalian has made this has largely been avoided. Pearson's payments are spread over three years and the Property Services Agency's run through the construction period.

Regalian has not then been operating at great risk, but there is evidence that the market is beginning to change as more and more offices are built in and around London. So there is a more speculative element in the Heron Quays and Bishopsgate ventures. This is why it is following the well-proven route of joint ventures.

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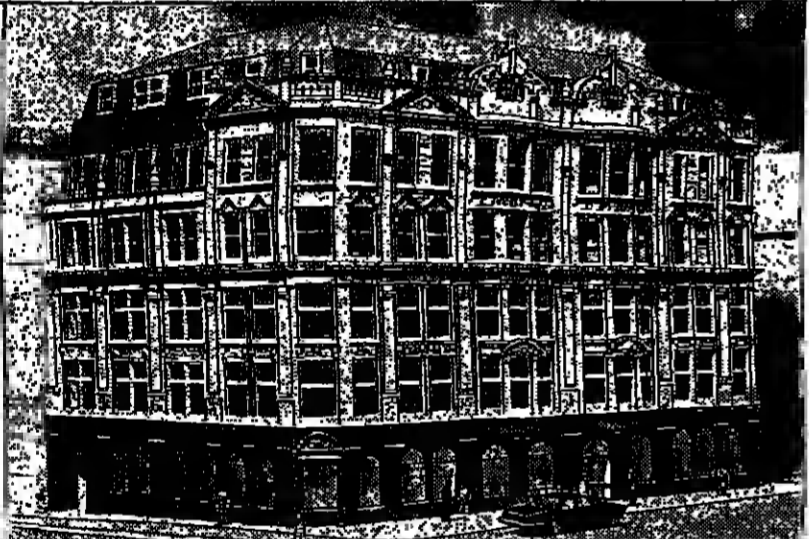
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FINANCIAL TIMES

Friday June 16 1989

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Gorbachev sets sights on a nuclear-free Europe

By David Marsh in Bonn

PRESIDENT Mikhail Gorbachev yesterday rounded off his four-day visit to West Germany by further projecting his peace-making image and holding out the long-term goal of removing all foreign troops as well as nuclear weapons from Europe.

Although he termed as "very encouraging" prospects for cuts in conventional arsenals at the Vienna talks, he said Nato's arms proposals could not be regarded as "a major breakthrough".

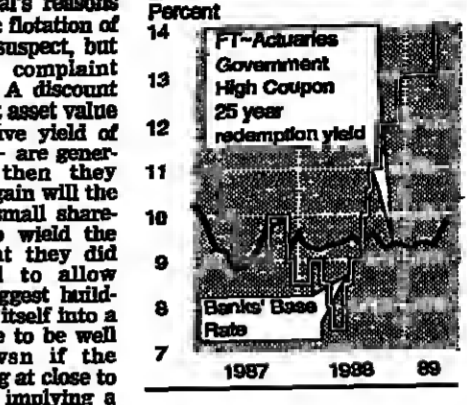
Minister, by describing as "eccentric" the UK's expulsion of alleged Soviet spies last month. He pointedly balanced the remark by thanking Britain for sending doctors to help after the recent rail disaster in the Urals.

Mr Gorbachev's warmly received trip has further boosted West German sympathy for him and his goals while giving the Bonn Government a new feeling of being taken seriously in Moscow.

gramme of Soviet economic restructuring can succeed. The Soviet leader received a warm reception in talks with business leaders, but no large contracts were signed during the visit.

Cheap seats at the Abbey

THE ILEX COLLEGE



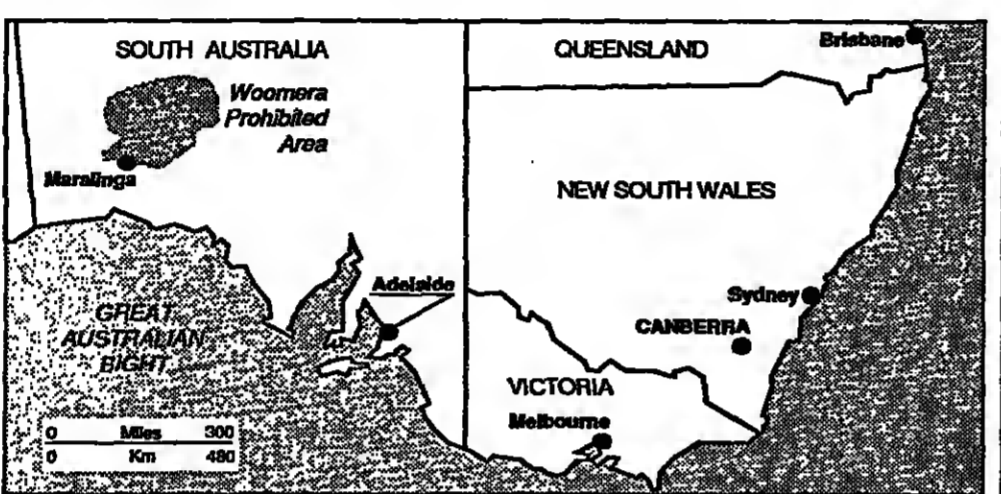
The Abbey National's reasons for seeking a public flotation of its shares remain suspect, but there can be no complaint about the pricing.

year. Far from disappearing, profits this year should grow by at least 10 per cent, even on yesterday's strong base of 5583m.

Woomera set for a new lift-off

Chris Sherwell on plans to rejuvenate world's largest rocket range

EVERY 15 years or so, a monsoonal trough is sickness on the arid heart of Australia. The torments of rain create hundreds of lakes and, in a fresh lease of life, the continent's vast scrubland becomes a carpet of green.



At Woomera, in South Australia's featureless plains, the "Big Wet" has been as torrential as anyone can remember. But the talk of the town concerns another exciting lease of life for the place itself.

Laucher Development Organisation (LDO) conducted its rocket launcher trials at Woomera. Nasa of the US had space tracking facilities for many years, while there were upper atmosphere research rocket launches by Nasa and the European Space Research Organisation.

Rocket trajectories can be monitored, and the debris collected, much more easily than at sea. Apart from the Mojave Desert in the US, it is the only large land-based rocket range available to the West.

According to state government officials, the response of British Aerospace and Thomson-CSF masks an even wider range of foreign interest from groups which understand official preference for Woomera to remain in Australian hands.

Henley hospitality goes down the river

By Richard Waters in London

IS anyone taking you to the Henley Royal Regatta, perhaps to cement a business relationship over the Pimm's and the strawberries?

Henley Hospitality Regatta (HHR), a company formed in February, has gone into liquidation after one of its two directors left the country, allegedly with £30,000 (\$45,600) of the company's money.

Tokyo shares suffer biggest fall this year

Continued from Page 1

fears of another increase in Japan's official discount rate despite assurances to the contrary from the Bank of Japan. Government bond prices came under heavy selling pressure yesterday, the price of the benchmark 11th government bond falling 1/32 to ¥84.34, raising the yield by 0.05 per cent to 5.50 per cent.

Soviet Union, Italy to consider railway signals joint venture

By Quentin Peel in Moscow

THE SOVIET UNION yesterday signed an agreement to negotiate a joint venture with Italy for the overhaul and automation of its huge but outdated railway signalling system.

It still faces two major potential obstacles, however, in the Cocon regulations restricting the transfer of Western technology to the Soviet Union, and in the lack of an obvious source of foreign currency income to finance the Italian input.

Earlier this year, Ansaldo and Fata, part-owned by Finmeccanica, set up a joint venture to overhaul and re-equip Soviet power stations, using gas and steam turbines from Ansaldo Brown Boveri, one of the world's biggest electrical concerns.

Table with columns for location, temperature, and other weather data. Includes locations like Agaña, Ankara, Amsterdam, Athens, Auckland, etc.

UK poll backs full EMS role

Continued from Page 1

Barclays Bank, Prudential Corporation, Pilkington, RTZ and Lonrho, found majority support for tackling such issues as environmental protection, health and safety at work and professional qualifications on an EC basis.

The poll also revealed a readiness to accept new members into the EC "club". Four out of five would welcome Norway, Sweden, Austria, Finland and Switzerland as new members.

Markets

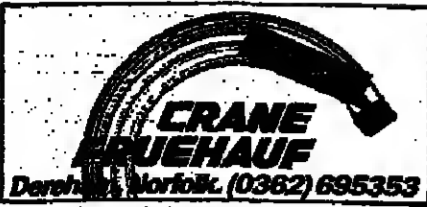
The pound's trade weighted index has been falling for five days in a row, but the need for another panic rise in base rates is receding. Provided that Mrs Thatcher and her advisers do not make any more impromptu remarks about the Chancellor's abilities, and that today's UK inflation figures are not horrendous, the pound may be over the worst in the short term.

British Steel

By rights, British Steel's share price should have done better than just track the market since it was floated. The big downturn in steel demand seems no closer than it was then, and is now not expected until the beginning of next US economic growth.

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Fidelity - The American Experts
Maximising the investment potential of the U.S. holds isn't an easy job. Indeed, successful investment in America requires not only a thorough knowledge of the market but also an in-depth understanding of it.

Friday June 16 1989



INSIDE

Alcatel answers the critics

When Alcatel of France linked with the European telecommunications business of ITC of the US...

On the scrap heap

One day scrap yards will be a thing of the past, and Europeans will insist that cars are made from materials that can be recycled or disposed of without harming the environment...

Spain shines in the sun

Despite the heatwave enjoyed by much of continental Europe last month, the pace of equity trading on most exchanges failed to warm up until the very last moment...

New house for the Cabbage Patch dolls

Colco, the bankrupt US toy maker best known for the Cabbage Patch dolls, yesterday agreed to sell most of its assets to Hasbro Industries...

Decision time at MBS

Shareholders meet today to decide the fate of MBS, once the UK's largest personal computer distributor, but now stricken, having plunged £20m (\$30m) into the red last year...

Market Statistics

Table with market statistics including benchmark Govt bonds, European options, etc.

Companies in this section

Table listing companies in the section such as Alcatel, Allen, Akumax, etc.

Chief price changes yesterday

Table showing price changes for various companies like British Airways, British Telecom, etc.

Table showing price changes for various companies like British Airways, British Telecom, etc.

Siemens and Matsushita in joint venture

By Heig Simonian in Munich

SIEMENS, the West German electronics and electrical engineering group, and Matsushita Electric, the Japanese consumer electronics conglomerate, are to pool some of their resources in such passive components as resistors and valves.

and start with sales of DM700m to DM800m, according to Mr Klaus Ziegler, a general manager of Siemens. However, turnover should rise to DM900m to DM1bn within a couple of years, he said.

However, Siemens will retain a majority of the votes and the right in name the chief executive, said Mr Karlheinz Kaska, Siemens' chief executive.

Teaming up with Matsushita will allow Siemens to improve capacity utilisation at its European plants, while giving it access to Matsushita's component manufacturing technology.

European bridgehead in component manufacturing, especially in view of the growing Japanese concern about potentially higher European barriers to Japanese exports.



Karlheinz Kaska: "Alliances are one possible way of increasing volume and sharing burdens of R&D and investment"



Sir Ernest Harrison: aims to move Racal into markets "where the money is"

Tapping the Vodafone line

Terry Dodsworth on Racal's switch from manufacturing to services

Amid the hyperbole which currently surrounds anything to do with mobile telecommunications, it is hard to remember that just a year ago Racal Electronics was one of the UK's favourite takeover targets.

communications division. Racal, the roots of which lie in manufacturing electronic equipment for the military market, is now attempting to become largely a service company in the mould of Vodafone.

Overall, manufacturing jobs have probably declined to less than 20 per cent of the total payroll of 26,000, from about 80 per cent at the start of the 1980s.

ness come from maintenance income, while about 50 to 60 per cent of today's contracts are in software and systems. But Racal-Milgo originally started as a hardware manufacturer and it is still trying to overcome a barrier between this activity and software.

Racal has achieved this enviable state through the fusion of 20 per cent of Vodafone's telephone network operating company last October. Racal Telecom's shares have soared into the stratosphere from a launch price of 170p to 250p last night.

These three businesses are now regarded as the mainline operations within the group. Any of the other activities "could be sold if we got the right offer" as Racal puts it, although some, such as the Racal-Redac software engineering division, are still being expanded.

But in the rest of the business, the shift into a service orientation has meant closures, sales cutbacks and changes in the workforce of the type that soak up management time.

Shareholders, however, will have to be patient. Racal is forecasting its total turnover from networking at £1bn over the next 10 years, with half coming from the Government network, and half from private clients.

Abbey sets share price at 130p

By Clare Pearson in London

ABBNEY NATIONAL yesterday announced a 130p share price target for its £1.7bn (£2.55bn) stock market flotation, which will mark the final stage in its long process of conversion from Britain's second biggest building society to a public company.

However, the society's leading activities have been hit by the sharply deteriorating UK housing market and this was reflected in the setting of the share price towards the bottom end of the earlier indicated range of between 120p and 160p.

bell Adamson, Abbey's chairman, and Mr Peter Birch, chief executive, strode calmly out of the ruins into the sunshine.

Japanese swallow Thermos to serve home picnic fans

By Gordon Cramb

THERMOS, the 68-year-old US vacuum flask brand which is synonymous with summer picnics, has been sold to the Japanese for \$134m.

cooler and recently launched a gas-fuelled barbecue line. Ironically, the company suffered last year because of what a Household official described as "a terribly hot summer," which kept Americans in the air-conditioned indoors. But Thermos remained profitable, and attracted over 400 enquiries when Household said in January that it would focus on its loans business.

Hispano mulls 5% stake in Commerzbank

By Gordon Cramb

RANCO HISPANO AMERICANO, one of Spain's seven big consumer banks, is negotiating to buy a 5 per cent stake in Commerzbank, the third largest West German bank.

Advertisement for Wardley investment fund, featuring the text 'A NEW FUND HARNESSING THE POWER OF JAPAN'S GROWING COMPANIES' and 'GLOBAL INVESTMENT NETWORK OF \$4 BILLION UNDER MANAGEMENT'.

BSN buys Greek brewer

By George Graham in Paris

BSN, the French foods group which last week embarked on a \$2.5bn acquisition of five biscuits and snacks companies from B.J.P. Nabisco, has hit the takeover trail again with the purchase of Henninger Hellas, Greece's second largest brewer.

INTERNATIONAL COMPANIES AND FINANCE

Hispano eyes Commerzbank stake

By Peter Bruce in Madrid

BANCO HISPANO Americano, one of Spain's seven big commercial banks, is negotiating to buy a 5 per cent stake in Commerzbank, the third largest West German bank, Hispano officials confirmed yesterday.

The representatives said that it was too early to say when, or if, the purchase would go through, or how much the stake would cost.

Commerzbank already owns 10 per cent of Banco Hispano, and the two banks, along with Credit Lyonnais and Banco di Roma, are members of Euro-partners, a loose banking consortium.

Hispano's move mirrors strategy at Banco Santander,

which bought 10 per cent of Royal Bank of Scotland during last year in the boldest move ever made abroad by a Spanish bank.

In return, Royal Bank of Scotland took 5 per cent of Banco Santander. Both Spanish banks want to extend their reach beyond Spain before 1992 without having to establish their own banks in foreign retail markets.

Commerzbank bought its stake in Hispano in 1983, just before the Spanish bank ran into problems because of its purchase in the early 1980s of Banco Urquijo, which it had rescued when Urquijo was near bankruptcy.

Hispano failed to pay a divi-

dend for 1984 but has since recovered, reporting net profits of Pta9.5bn in 1988 and Pta27.9bn (\$215m) last year, when it also sold off Banco Urquijo to the March Group for Pta5bn.

Mr Claudio Boda, Hispano's chairman, and Mr Walter Slepp, Commerzbank's chief executive, are likely to continue their talks this weekend during a meeting of the Euro-partner banks scheduled to take place in Monte Carlo, Monaco.

Mr Boda has been particularly keen to reach an agreement with Commerzbank as the other two Euro-partner members are controlled by their respective Governments.

His idea is that Hispano and Commerzbank would represent each other in Spain and West Germany and that this would make it unnecessary for another large European bank to enter the Spanish retail market.

Unikla Santander, which, before its link-up with Royal Bank of Scotland, had bought small retail networks in West Germany, Belgium and Italy, Mr Boda is dead set against Hispano trying to do retail banking on its own outside Spain.

Wednesday's news story on Torras Hostench wrongly stated that the company's shares are listed in London and New York.

BSN gulps down Greek brewing group

By George Graham

BSN, the French foods group which last week embarked on the \$2.5bn acquisition of five hisenic companies from EJR Nabisco, has hit the takeover trail again with the purchase of Henninger Hellas, Greece's second largest brewer.

No price was disclosed for the acquisition. The French group, which is Europe's second largest brewer with its Kronenbourg lager brand, has over the past few years been expanding its European network through a series of alliances with other brewers.

Henninger Hellas has 30.5 per cent of the fast-growing Greek beer market, which has expanded by 35 per cent over the last five years. It brews 1.1bn hectolitres a year in its three plants in Thessalonika, northern Greece, Atalanti, in the centre, and Iraklion, in Crete, with sales of around Dr6.7bn (\$63m) a year.

In Belgium, BSN merged its subsidiary Alken-Kronenbourg with the Belgian brewer Maes and now has 50 per cent of Alken-Maes which ranks second in the country behind Stella Artois with a market share of 18 per cent.

In Italy, the company transferred its subsidiary Wührer to Peroni, the market leader. In exchange it received a 20 per cent stake in Peroni, which now accounts for 35 per cent of the Italian market.

In Spain, meanwhile, BSN has one third of Mahou, the number four in the market, and it has franchising agreements for Kronenbourg in the UK with Courage and Harp.

Lower margins set to chop Framatome profit by 31%

By George Graham in Paris

FRAMATOME, the French nuclear plant builder which has diversified into electrical connections equipment with the acquisition of Burnay in the US and Souriau in France, is forecasting a sharp drop in earnings this year.

Group net profits are expected to fall by 31 per cent to FF7732m (\$106m) this year, despite an 80 per cent increase in turnover to FF12.68bn.

Mr Jacques Fetta, finance director, said the decline in profitability was due to the company receiving payment later this year for Superphenix, the prototype fast breeder reactor, on which it will barely break even.

Superphenix will account for FF2.44bn of turnover this year, while billings on conventional pressurised water reactors, where profit margins are considerably higher, will drop to FF5.09bn from FF3.7bn in 1988.

The newly-acquired electrical connections subsidiaries, which are expected to generate

sales of FF3.66bn this year, also have much lower profit margins than Framatome's traditional nuclear business, though Mr Fetta said they were in the black.

Framatome has seen its order book dwindle as the French nuclear programme nears completion and foreign nuclear plant orders are largely frozen in the face of public opposition, but Mr Jean-Claude Lemy, the group's chairman, said that it would continue to work on research and development in order to be ready for a revival in the nuclear market.

"I think we will see a recovery for nuclear power, though not immediately - certainly not less than five years, and probably closer to ten than to five," he said yesterday.

In the meantime, Framatome is collaborating on new nuclear plant orders with its West German competitor, Siemens, and is making slower progress on an alliance with Babcock & Wilcox, a subsidiary of McDer-

mott of the US.

Also, it is seeking to develop the engineering activities it inherited from the now-defunct Creusot-Loire group. Mr Lemy said he was working on a merger between Framatome's heavy engineering activities and those of Neyptic, a Grenoble-based hydraulics and turbines company.

As for the newly-acquired electrical connections activities, Mr Lemy said Burnay was in good shape, except for its US electronics division, which required restructuring to cope with the excessive dispersion of its manufacturing sites.

The injection is not expected to pose any financing difficulty, since Framatome expects to have FF7.86bn of net cash at the end of 1989, with only FF2.03bn of long term debt.

British Steel surges by 42% to £593m

By Nick Garnett in London

BRITISH STEEL, which was privatised at the end of last year, raised pre-tax profits by 42 per cent from £419m to £593m (\$901m) in the year ended April 1, on turnover up by almost a fifth at £4.91bn.

Trading profit increased from £24m to £56m and earnings per share from 20.5p to 33.0p.

The figures were in line with City expectations but analysts were surprised at exceptional charges of £140m (last year these were £28m) which related mainly to redundancy and rationalisation costs.

Sir Robert Scholey, chairman, said that the trading results were very good, but he

was concerned at the possible effects of interest rate rises and inflation on UK customers.

He also warned that, though demand and price margins were stable, the European steel industry was expecting a downturn in demand, possibly in the first quarter of next year.

Demand now was probably about 10 per cent higher than would be expected from normal demand patterns.

Improvements came from increased sales, up 7 per cent, an average increase in prices of 10 per cent and productivity improvements. Higher prices contributed £125m to pre-tax profits, while increased sales

volume and a better mix of products contributed £10m.

Efficiency improvements included a reduction in hours worked per tonne from 5 to 4.7 and an increase in the percentage of steel produced by the continuous casting method to 85 per cent. Capital expenditure amounted to £307m, an increase of 254m.

The company had a net cash position of £342m at the end of the financial year. Sir Robert said that British Steel was looking for joint ventures with other steel companies in Europe and possibly in North America, but no firm discussions were taking place.

This company has expressed

an interest in acquiring part of the Klöckner operation in West Germany but there has been no interest from the other side.

British Steel also wants to extend its downstream activities. It has done so in construction and coated steels, but analysts believe that the company might move into higher value-added products, such as basic components for the motor industry.

Overseas shareholders now hold about 30 per cent of the equity. Directors are recommending a single final dividend of 50 pence per share, payable in August. This is considered equivalent to 7.5p on a full-year basis.

Sweetened \$275m bid for Dunkin' Donuts

By Our Financial Staff

THE BATTLE for control of Dunkin' Donuts, the US doughnut outlet franchiser and operator, heated up yesterday when DD Acquisition launched a sweetened \$275m tender offer for all the company's shares.

DD, formed by Kingsbridge Capital Group, a subsidiary of Unicorp Canada, the Toronto conglomerate, and Cara Operations, is offering \$43 for each of the Massachusetts company's shares.

Kingsbridge has already acquired a 12 per cent stake in Dunkin' Donuts. Dunkin', which has about 6.4m shares

outstanding, has previously rejected a \$42 per share acquisition offer by Kingsbridge and has said that it was not interested in being acquired.

DD said the tender offer and withdrawal rights would expire on July 13 unless extended. The offer is conditional on receipt of enough shares to give DD 75 per cent of the voting stock of Dunkin' on a fully diluted basis and on Dunkin' redeeming its defensive preferred stock purchase rights or DD finding the rights inapplicable.

DD said the offer is also con-

ditional on it being satisfied that Delaware antitakeover law restrictions would not hinder the offer and on the arrangement of financing.

DD says it has filed suit in Delaware against Dunkin' Donuts, its board and General Electric's General Electric Capital unit, challenging defensive actions by Dunkin', including the issue of shares to an employee stock ownership plan, the issue of convertible preferred stock to GE Capital and the implementation of a stock repurchase programme.

The company said the suit alleges that the actions breached the fiduciary duties of the individual defendants to Dunkin' shareholders and seeks the prohibition of further stock sales to the ESOP, the voting of the shares issued to GE capital and further share repurchases.

It said the suit also asks that the defendants be required to redeem the defensive rights and rescind the issue of securities to the ESOP and GE Capital. Cara Operations and its franchisee own family-style and fast-food restaurants.

Springer holds 1988 dividend

By Our Financial Staff

AXEL SPRINGER Verlag, West Germany's largest publishing company, is to keep its dividend unchanged at DM12 for 1988, reports AP-DZ.

The company said a total of DM40.8m will be paid out to shareholders. Springer's group net earnings for 1987 rose 2 per cent to DM96.4m (DM94.5m). Turnover rose 4.5 per cent to DM2.78bn from DM2.66bn.

Nobel dips in first four months

By Robert Taylor in Stockholm

NOBEL INDUSTRIES, the Swedish industrial conglomerate with interests in armaments and chemicals, yesterday reported that profits after financial items fell to SKr205m (\$30m) in the first four months of 1989 from SKr258m in the January-April period of 1988.

The fall came despite a 16 per cent increase in sales from SKr6.66bn to SKr7.71bn.

The best performances were in the biotechnology division with a positive improvement in both sales and profits; the pulp

and paper chemicals area where there was a 60 per cent jump in after-tax profits and a 25 per cent increase in sales, and in ordnance.

The group said it was not possible to make any profit prediction for the whole year on the basis of the first four months' results because of the restructuring in the company.

Nobel also said it had agreed to sell the Scandinavian and European plant protection operations of its KenoGard offshoot to Rhône-Poulenc, the

French state-controlled chemicals group. The units being sold have total annual sales of SKr180m, and the deal is in line with Nobel's consolidation of its main businesses.

MoDo, the Swedish forest products group, reported profit after net financial items for the first four months of 1989 of SKr693m and sales of SKr6.37bn. The company did not provide comparative figures because of its acquisition in April 1988 of Holmens Bruk and Iggesund Bruk.

US bank to assess offers for Meridian

By Our Financial Staff

INSPECTORATE International, the Swiss inspections, testing and services group, has hired Wasserstein Perella, the US investment bank, to help it evaluate offers for its Meridian International computer leasing subsidiary.

Meridian is Europe's largest

independent computer-leasing company, said Inspectorate. It has 30 offices, owns equipment worth more than \$3bn and expects turnover this year of more than \$600m.

Wasserstein Perella will examine offers that Inspectorate has received for Meridian,

and its potential for joint ventures and mergers, Inspectorate said.

"Although it was not our plan originally to sell Meridian International, we have received offers that are worth a thorough review," said Mr Yves Paternot, chief executive.

NEW ISSUE This announcement appears as a matter of record only. June, 1989

SSC

SEIKA CORPORATION
(Seika Sangyo Kabushiki Kaisha)

U.S. \$80,000,000

4% per cent. Guaranteed Bonds 1993

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Warrants

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ALPS

ALPS ELECTRIC CO., LTD.

U.S. \$200,000,000

4% per cent. Notes due 1993

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NEW ISSUE

15th June, 1989



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(formerly "Sonoike Mfg. Co., Ltd.")

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4½ per cent. Guaranteed Bonds due 1993
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Warrants

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The Bonds will be unconditionally and irrevocably guaranteed by
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NEW ISSUE

15th June, 1989



DAIWA HOUSE INDUSTRY CO., LTD.
(Daiwa House Kogyo Kabushiki Kaisha)

U.S.\$800,000,000
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NEW ISSUE

15th June, 1989



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Warrants

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NEW ISSUE

15th June, 1989



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Warrants

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INTERNATIONAL COMPANIES AND FINANCE

Hasbro buys Coleco assets for \$85m

By Anatole Kaletsky in New York

COLECO, the bankrupt US toy maker which only four years ago was considered one of the leading growth stocks on Wall Street, yesterday agreed to sell most of its assets to Hasbro Industries, the world's largest toy company.

COLECO used the profits from its Cabbage Patch bonanza to promote other dolls and action figures, including an unsuccessful series based on Rambo, the bloodthirsty film character.

However, it bought the company which owned those, Selchow & Righter, just after the peak of Trivial Pursuit's success. A year after Coleco acquired the game, Trivial Pursuit's worldwide sales had fallen to \$15m, from \$300m in 1984.

approval from the bankruptcy court, unsecured creditors with roughly \$40m worth of claims against Coleco should receive repayment of about 25 cents in the dollar.

COB urges groups to modify vote curb plans

By George Graham in Paris

THE COMMISSION des Operations de Bourse (COB), the French stock market regulatory authority, has asked two French companies to modify their plans to limit their shareholders' voting rights.

The two companies, Compagnie Generale d'Electricite (CGE), the privatised telecommunications and engineering group, and Lafarge Coppée, the cement company, had not received any official notification yesterday, but COB officials confirmed they had sent letters asking for some changes to the proposals.

However, no objection has been made to the principal of limiting voting rights, which the COB says is allowed in French company law. The two schemes are very different in character, but the CGE proposals, in particular, have been criticised as an infringement of shareholders' rights.

CGE wants to place an upper limit of 8 per cent on voting rights. Lafarge, on the other hand, plans no absolute limit, but wants to reduce voting rights in line with attendance at its shareholders' meetings.

Mr Milken to form own company. MR MICHAEL Milken, former head of junk bonds at Drexel Burnham Lambert, the US investment bank, is to form his own firm to give financial advice to individuals, communities and companies. Reuter reports from New York.

Carrington joins board of Hollinger

By David Owen in Toronto

MR CONRAD BLACK, chairman and chief executive of Hollinger, the Toronto-based newspaper company, has welcomed three more distinguished figures to his company's board of directors.

Lord Carrington, the former UK Cabinet minister and Nato secretary general, Mr Robert Campean, the mercantile purchaser of Bloomingdale's, and Mr Allan Gottlieb, the former Canadian ambassador to the US, duly took their places on a board which already reads like a Who's Who of prominent Canadian business families.

His chairman's remarks, Mr Black reiterated Hollinger's intent to increase further the UK Daily Telegraph's pre-tax profit margin over and above the 13 per cent of overall revenues attained last year.

Later, Mr Black confirmed that the price Hollinger recently paid for 75 per cent of the Jerusalem Post was about US\$17m. However, he indicated that certain property and printing assets could be liquidated effectively to reduce the price.

Exxon ends ill-fated Zilog link

By Louise Kehoe in San Francisco

EXXON, the US oil group, has sold Zilog, its Silicon Valley semiconductor manufacturing subsidiary, ending a decade-long ill-fated attempt at diversification into computer and chip technology.

Exxon would no longer hold a stake in the company and that the all-cash transaction was "substantial." Exxon is not believed to have recouped the heavy investment in that it has made in Zilog over the past eight years.

Micron slips despite sales gain

By Louise Kehoe

MICRON TECHNOLOGY, the US memory chip manufacturer, has reported a strong increase in sales for the third quarter ending June 1.

Revenues for the quarter were \$119.2m, a 39 per cent increase over the \$85.6m posted in last year's period. Net income of \$38.5m was down from \$29.3m in the year-earlier period.

Hilton Hotels draws up defensive lines

By Anatole Kaletsky

HILTON HOTELS, the big US gaming and hotel group which has recently been at the centre of Wall Street takeover speculation, has announced that it asked its investment bankers to evaluate all financial options to enhance shareholder value.

not ultimate ownership of 25 per cent of the company's stock. One feature of the settlement was that Mr Hilton was prevented from selling these shares for less than \$75 each.

ERICSSON Telefonaktiebolaget LM Ericsson (Incorporated with Limited Liability in Sweden) Notice to the holders of the outstanding US\$60,000,000 6 7/8 per cent Convertible Subordinated Bonds due 2002 denominated in US Dollars ("the Bonds") convertible into B ordinary Shares of the Company ("B Shares")

OLYMPUS OPTICAL CO., LTD. U.S. \$300,000,000 4 per cent Notes 1993 with Warrants to subscribe for shares of common stock of Olympus Optical Co., Ltd. Issue Price 100 per cent.

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INTERNATIONAL COMPANIES AND FINANCE

Alcatel cocks a snook at its critics

Terry Dodsworth on the telecoms success that has surprised some

You would not expect Mr Philippe Glantz, chief operating officer of Alcatel, to have forgotten the reaction to the launch of the company as Europe's biggest telecommunications group two and a half years ago. But what keeps the memory particularly alive to him is the undisciplined scepticism that greeted the merger which formed the parent group.

"We are not yet making as much money as we believe we should," says Mr Glantz. "But we are doing much better than a lot of people were expecting because of the cost of the merger and the restructuring."

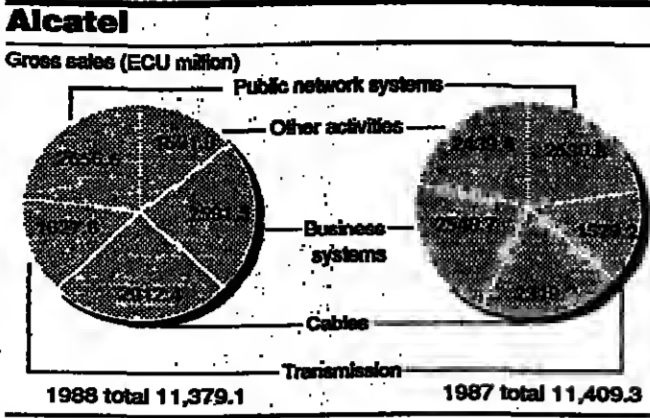
The main concerns about Alcatel's future at the time of the deal centred on its ability to weld two very different organisations while coping with their distinct product lines.

The French company which became one half of the merged business had been one of the pioneers of electronic digital switching, with its E10 exchange, its partner, the European telecommunications business of ITT of the US, was in the middle of a troubled launch of the more up-to-date System 12 digital exchange.

Alcatel, the critics said, would be stuck with the cost of supporting a fragmented product range without the scope to make the operating economies which should flow from a merger.

Mr Glantz concedes that the group has a long way to go yet. But he lists a handful of achievements which, in his view, have already justified the deal.

Work on the next generation of switching products, which will allow telephone lines with greater capacity to be used, is more advanced than seemed possible two years ago. These products will overlay the present switching network to provide special services, so they will not replace either the E10 or System 12, but they will be



common to the whole group and so available to be fixed to networks run by either of the inherited switches or elsewhere.

An active policy of disposals and acquisitions has given the group a more precise focus on telecommunications. Alcatel has sold the television division inherited from ITT to Nokia of Finland, and it has dropped out of personal computer manufacture. The group now has five divisions: public switching, accounting for about 25 per cent of sales; cable (25 per cent); office telephones and terminal equipment (26 per cent); transmission (14 per cent); and professional electronics (11 per cent).

It has consolidated its position in office products by linking the sales teams of the two founding companies and filling out the product ranges by drawing on the resources of both businesses.

Alcatel now claims to be the market leader in Europe in this sector, with products such as office telephone exchanges, telephones, telephone handsets and facsimile machines. "What we are doing is bringing together the best from ITT and the old Alcatel in a common distribution network," says Mr Glantz. "This is helping us particularly in southern Europe."

In transmissions, the com-

pany is close to achieving a single product range. At the same time, Alcatel claims to be increasing its market share.

ITT had the position in the market and a distribution organisation, but it didn't have the products. Alcatel had the products but not the markets. By combining the two we have made big advances in Spain, Italy and Portugal, where ITT had been a strong player in telecommunications.

The company has pushed into the fast-developing area of satellite transmission technology. Orders for the telecommunications devices to be carried on the latest international internet satellites give Alcatel a breakthrough into what has been an exclusive US market, dominated by Hughes and Harris.

To serve this business, which requires specialised semiconductors and antennas, Alcatel has established a pan-European web of wholly-owned companies and subcontractors. This meets the requirements for local content in these contracts.

The group's international manufacturing activities are being more closely integrated to help achieve scale efficiencies. Alcatel has one of the widest global positions in the

telecommunications industry, with manufacturing outside Europe in the US, Mexico, Taiwan and Australia.

Productivity, measured in sales per employee, is increasing at about 5 per cent a year, and Glantz says that this will continue to be the objective in the divisions. Alcatel has not embarked on savage closures, although there has been rationalisation of research and development and what Mr Glantz calls "normal" reorganisation in the cables division, where technology has changed radically.

Nevertheless, the number of jobs has decreased in the ongoing activities from 135,000 at the time of the merger to an expected 120,000 by the end of this year.

The company is ahead of its financial targets. These have been modest up to now - in its first full year, Alcatel aimed for a 2 per cent net profit return on sales and easily achieved it, while last year it rose to 3.5 per cent. But Mr Glantz argues that the international industry does not achieve a particularly high rate of return, and says he is aiming for a consistent 5 per cent.

Meanwhile, Alcatel's balance sheet is in reasonable shape. After deducting liquid resources, the debt-to-equity ratio stood at 54 per cent at the end of last year, down from 80 per cent in 1987. The group, which does its accounts in Ecus, had Ecus1.3bn (\$1.27bn) of cash, sufficient to fund the acquisitions it needs to fill out its product line.

Mr Glantz says that the figures are sound enough for the company to approach Standard & Poor's and Moody's, the US debt rating agencies, to give it their seal of approval so that it can issue commercial paper. "This is important to us in receiving better interest rates from the banks," says Mr Glantz. "We expect to be well-rated."



CORPORACIÓN FINANCIERA ALBA, S.A.
Grupo March

has merged with

INVERSIONES BALBOA, S.A.



J. Henry Schroder Wagg & Co. Limited

acted as advisor to
Corporación Financiera Alba, S.A.

A.B. Asesores Bursátiles, S.A.

acted as advisor to
Inversiones Balboa, S.A.

James Hardie advances 19%

By Bruce Jacques in Sydney

JAMES HARDIE Industries, the Australian building products group, has reported a 19 per cent increase in equity accounted net earnings for the year to March.

The group, in the middle of a restructuring programme, lifted profits to A\$88.6m (US\$62.1m) from A\$70.4m despite a 15 per cent fall in sales to A\$1.5bn from A\$1.7bn.

The annual dividend has been raised to 19 cents from 17 cents on capital increased by a one-for-eight bonus issue last year, an outlay of A\$52.7m against A\$45.4m.

A key reason for the earnings increase was a big reduction, from A\$44.4m to A\$26.8m, in the company's interest bill following the flotation last year of Spicers Paper, a former subsidiary.

Hardie plans two more spin-offs, involving its building services operations and technology and building products division, while the parent company is aiming at growth in the US.

Mr John Reid, the chairman, said the latest result was achieved despite the Spicers divestment and was the company's fourth consecutive half-

yearly earnings rise. The result was struck before a A\$16.5m extraordinary loss, reflecting goodwill write-offs and tax adjustments.

However, this still represented an improvement on a near-disastrous A\$90.4m loss last year, which forced the company to pay a dividend out of reserves.

The extraordinary items left the company's bottom line A\$67.1m in profit compared with a A\$19.9m loss. Depreciation charges eased from A\$36.1m to A\$33.1m and tax took A\$25.1m against A\$28.2m.

GM gets licence for Australian clean engine

SARICH TECHNOLOGIES of Australia says it has licensed General Motors to manufacture, use and sell engines employing its orbital combustion process, Renter reports from Perth.

Sarich, 35 per cent owned by Broken Hill Proprietary, said that the deal covered car, truck, motor cycle, aircraft, marine and industrial uses. Financial details were kept confidential.

Sarich has already licensed the orbital process, which uses fewer moving parts and is cleaner burning than conventional internal combustion engines, to Ford and Onboard Marine and Brunswick.

Alumax wins go-ahead for Quebec smelter

By Robert Gibbins in Montreal

ALUMAX of San Mateo, California, has signed an agreement with the Quebec Government to go ahead with a Cellulose (US\$800m) aluminium smelter near Quebec City. It will start production in 1992.

Capacity will be 215,000 tonnes a year. A low-cost energy contract has been signed with Hydro Quebec, on similar lines to recent deals with Reynolds Metals of the US.

Taiyo Kobe to take 5% equity of Milan bank

By Alan Friedman in Milan

TAIYO KOBE Bank, a medium-sized Japanese city bank, has agreed to acquire a 5 per cent equity stake in Credito Commerciale, an 87-branch Milan-based bank that is 70 per cent owned by Monte dei Paschi di Siena (MPS), one of Italy's biggest banks.

The Siena-based MPS said the deal represents the first instance of a Japanese bank acquiring a minority stake in an Italian bank.

MPS did not disclose any details of future collaboration

with the Japanese. The price being paid for the minority stake was not available, but a 5 per cent shareholding in Credito Commerciale would have a market value of around L28bn (\$15.6m) on the Milan bourse.

Credito Commerciale had total assets of L18,665bn at the end of last year.

The bank's net capital amounted to L26bn and its 1988 net profit was unchanged at L25.5bn. The bank employs more than 2,000 people.

Mitsui increases rental income

ITSUI Real Estate Development lifted consolidated net earnings 30 per cent to Y35bn (\$24.2m) in the year to March, AP-DJ reports from Tokyo.

The company said that rental income led sales growth, increasing by 23 per cent to Y138.8bn. It said when it announced unconsolidated results that it has been trying to boost rental income by renewing long-standing contracts during the period.

Analysts say that Mitsui Real Estate's rental income has not been as high as it could be because much of its rental space is in old buildings in central Tokyo with long-standing tenants, making it hard to raise rents in step with the market.

Oji Paper posts 52% profits rise

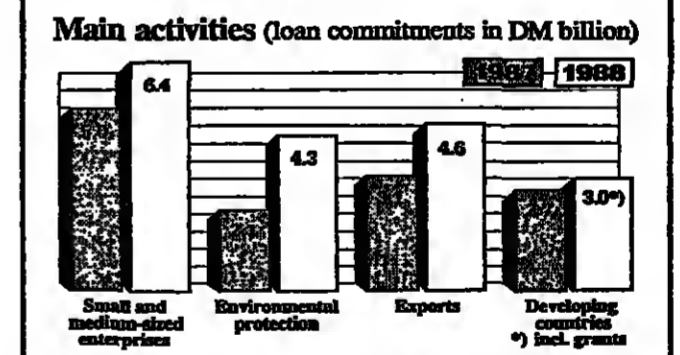
OJI PAPER, one of Japan's largest papermakers, boosted net earnings 52 per cent to Y26.9bn (\$180m) in the year to March, AP-DJ reports. Sales rose 8.5 per cent to Y601.1bn. Oji sees sales of Y688bn, and net income of Y28bn this year.

The strong figures were partly due to good sales in general paper products and related items, which advanced to Y475.8bn from Y442.4bn.

Japanese papermakers are enjoying strong demand under a buoyant economy.

KfW 1988 Outstanding Performance Founded on 40 Years of Experience

KfW - established in 1948 to lend Marshall Plan funds for the reconstruction of the German economy - today is an instrument serving public policy objectives of the Federal Government.



KfW's long-term loans and grants help create more jobs in Germany's small and medium-sized enterprises, support environmental protection and further the export industries. In its capacity as the Federal Republic's development bank, KfW channels Government assistance to developing countries.

Highlights of KfW's Balance Sheet (DM billion)

	1988	1987
Balance sheet total	105.5	96.8
Loans granted	96.7	88.2
Banking liabilities	75.4	69.6
Bonds	15.4	13.7
Capital and reserves	3.9	3.7
Net income (DM million)	400	376

As a major source of funds KfW issues high quality bonds and notes. KfW's long-term debt has been rated "Triple A" by the leading international rating agencies.

A copy of KfW's 1988 Annual Report is available upon request.

KfW Kreditanstalt für Wiederaufbau

P.O. Box 11 11 41
D-6000 Frankfurt/Main
Federal Republic of Germany

MILAND INTERNATIONAL FINANCIAL SERVICES BY FFF 800.000.000 GUARANTEED FLOATING RATE NOTES DUE 1997

Interest Rate: 8.25%

Interest Period: June 15, 1988 to September 14, 1989

Coupon 10 per cent per FFF 100,000 FFF 294.00 per FFF 100,000 FFF 2,940.00 due September 15, 1988

SOCIÉTÉ GÉNÉRALE ALSACIENNE DE BANQUE SUCCURSALE DE LUXEMBOURG

The two issues having been completed, this announcement appears as a matter of record only.

Crédit National

ISSUES OF SHARES WITH WARRANTS and EQUITY NOTES

FRENCH OFFERING

- FF 655,857,600 of SHARES WITH WARRANTS at an issue price of FF 1200 per unit.
- FF 447,928,000 of 6.75% EQUITY NOTES due 1996 at an issue price of FF 1200.

BANQUE PARIBAS
BANQUE NATIONALE DE PARIS
CREDIT LYONNAIS
SOCIÉTÉ GÉNÉRALE
CAISSE DES DÉPÔTS ET CONSIGNATIONS
CRÉDIT INDUSTRIEL ET COMMERCIAL DE PARIS
BANQUE GÉNÉRALE DU PHÉNIX
BANQUE WORMS
BANQUE DEMACHY ET ASSOCIÉS
CAISSE NATIONALE DE CRÉDIT AGRICOLE
BANQUE CZIA
LAZARD FRÈRES ET CIE

INTERNATIONAL OFFERING

FF 240,000,000 of SHARES WITH WARRANTS at an issue price of FF 1200 per unit.

BANQUE PARIBAS CAPITAL MARKETS GROUP
BAYERISCHE VEREINSBANK AG
CREDIT SUISSE FIRST BOSTON LIMITED
GOLDMAN SACHS INTERNATIONAL LIMITED
J.P. MORGAN SECURITIES LTD.
NOMURA INTERNATIONAL LIMITED
N.M. ROTHSCHILD & SONS LIMITED
SALOMON BROTHERS INTERNATIONAL LIMITED
UBS PHILLIPS & DREW SECURITIES LIMITED
S.G. WARBURG SECURITIES

INTERNATIONAL CAPITAL MARKETS

US long bonds fall back sharply as dollar subsides

By Janet Bush in New York and Katherine Campbell in London
US TREASURY bonds fluctuated in both directions yesterday morning after the release of figures for trade, industrial production and capacity utilisation and finally succumbed to profit-taking as the dollar fell back from early highs.

GOVERNMENT BONDS

was quoted 1/8 point lower at 8.23 per cent.

Bond prices continued to track the dollar closely. They moved up with the US currency in an immediate reaction to news that the US merchandise trade deficit had narrowed to \$8.26bn in April but then starting losing ground as the dollar changed direction. The dollar, which had surged to highs of Y151.85 and DM2.0475, subsequently fell back to be quoted at Y149.55 and DM2.0230 at mid-session. The dollar selling appeared to be on a combination of factors. Repeated intervention by the US Federal Reserve was reported in the foreign exchange market, there was profit-taking at the highs and

some reconsideration of the trade release because of the upward revision in the March deficit to \$9.54bn from \$8.66bn previously reported. The bond market was also looking at the March revision. That came in conjunction with hefty upward revisions in both industrial production and capacity utilisation. Although industrial production was unchanged in May, April's rise was revised up to 0.6 per cent from 0.4 per cent and March was revised to a gain of 0.1 per cent from being unchanged in its previous report.

Capacity usage in May was 83.8 per cent, April's rate was revised up to 84.1 per cent from 83.9 per cent and March's usage rate was revised up to 83.5 per cent from 83.7 per cent. These figures taken together confirm more robust growth at the end of the first quarter and beginning of the second than previously thought but confirmed a slowing in May. On balance, the figures were negative for the bond market. Today, bond traders will be focusing on the May Consumer Prices Index which is expected to have risen by 0.5 per cent compared with the 0.7 per cent gain in April. Fed Funds yesterday traded

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Bid Date, Price, Change, Yield, Week ago, Month ago. Rows include UK GILTS, US TREASURY, JAPAN, GERMANY, FRANCE, CANADA, NETHERLANDS, AUSTRALIA.

London closing. * denotes New York morning session. Yield: Local market standard. Price: UK in 1/32nds, others in decimal.

Technical DATA/ATLAS Price Sources

at 9 1/2 per cent and the US Federal Reserve drained liquidity from the money as expected with four-day matched sales.

In Germany, prices were fixed unchanged or lower on the hour, but began to advance after a narrower-than-expected US trade deficit in May. The lack of policy change from the Bundesbank regular meeting, while anticipated, had a mildly positive effect too. As the market gained momentum during the afternoon, dealers were caught with their stock on their books. So the thin market, combined with good buying interest both from abroad and domestically

led to extensive use of the Liffe bond futures contract, which traded over 30,000 contracts. The September bond future advanced to 85.14 compared with an opening price of 94.75.

WHILE a report during the morning that May inflation figures would again be poor, the French market fell back, but as the US opened considerable dealers saw at the long end of the interest, as in other European markets. On Matif the September notional bond future closed 4 basis point firmer at 108.04, after a day's loss of 107.82.

THE UK gilt market also traded around yesterday, with cash and futures prices over a point firmer at the long end of the market by the end of the day. The benchmark Treasury due 2003-2007 was up 1/8 of a point at 101.21, and the September gilt future closed 1/2 firmer at 82.13. Prices largely followed sterling's gyrations, and the currency was firmer late in the day helped by central bank

intervention and some buying on the lows. Major US institutions were reportedly switching out of Treasuries and buying richly yielding gilts. While the market largely ignored lower than expected average earnings figures for April, which came in unchanged from March at an annual increase of 3.25 per cent, the upward revision of the quarterly invisibles surplus had a mildly negative effect, as it increases the trade deficit.

WITH THE yen plummeting below Y150 against the dollar, and more talk of another rise in the official discount rate, prices in Japanese government paper fell substantially during the Tokyo day in moderate trading. Intervention in the currency markets by the central bank did little to check the dollar's progress.

Yields on the No. 111 benchmark bond rose to a high of 5.545 per cent, closing in Tokyo at 5.535 per cent, compared with 5.475 on Wednesday. In the London market the benchmark briefly touched a high of 5.575.

Barclays unit to manage Japan pension funds

By Stefan Wagstyl in Tokyo

BARCLAYS Trust Bank, a subsidiary of the UK clearing bank, has joined the small band of foreign trust banks allowed to manage Japanese public pension funds.

Barclays and a subsidiary of Chemical Bank of the US have this year joined two American-owned trust banks - Cititrust, an affiliate of Citibank, and Japan Bankers Trust, a subsidiary of Bankers Trust, which have managed funds before on behalf of the Ministry of Health and Welfare.

The increase in foreign participation is a sign that the Japanese authorities recognise the management skills of foreign companies. Two years ago, Japan Bankers Trust, which was then the only foreign company, out-performed all its Japanese rivals handling the ministry's funds. Last year Cititrust came top in the first year with Japan Bankers Trust also among the leading performers. The ministry manages a share of the funds itself through the Pension Welfare Service Public Corporation.

But the proportion has been falling as more funds have been put out to private companies in order to improve competition and performance. The ministry is anxious about the forecast likely increase in the number of Japanese pensioners in the next 30 years as the population ages.

Japan Bankers Trust joined the list in 1986, following strong lobbying from the US for the market to be opened to foreign companies. The ministry is expected to add slowly to the number of foreign companies and to increase the funds they are allocated.

Japan Bankers Trust started with about Y2bn (\$13.5m). This year it is getting allocated Y20bn, as Cititrust, Barclays and Chemical are being entrusted with Y8.5bn each. The total put out by the ministry is Y782bn of Y1,050bn. The proportion managed by Japanese life insurance companies is being increased at the expense of trust banks with the largest amount, Y36.5bn, going to Nippon Life.

Rash of US data keeps new issue activity in check

By Andrew Freeman

US TRADE figures for April and industrial output numbers kept Eurobond dealers busy guarding their books yesterday, so there were few new issues. Syndicate managers

INTERNATIONAL BONDS

were forecasting a rash of activity next week when several borrowers, known to have held off this week, are expected to tap the market.

Morgan Stanley International was the lead manager of a \$210m asset-backed deal using a special vehicle called Collateralised Bond Obligations. The 11-year deal carried a coupon of 20 basis points over six-month Libor.

New issue traders reported a hot reception, with European institutions leading widespread interest. The bonds were quoted by the lead manager at

99.95 bid, just below the par issue price and well inside underwriting commissions of 25 basis points. The deal, which is callable at par on coupon dates after one year, is collateralised by a \$300m pool of high-yielding securities bought by Morgan Stanley over recent weeks. A 25 per cent annual sinking fund after 1997 reduces the average life of the bonds from 11 to 9 1/2 years.

A guarantee from Financial Security Assurance added to the credit quality of the bonds, while Morgan Stanley was able to price the paper against other FSA-guaranteed deals trading in the secondary market.

In an \$850m five-year deal was launched for Ford Credit Australia by Deutsche Bank Capital Markets (DBCM). The bonds carried a 15 per cent coupon and were priced at 101 1/2. The lead manager quoted the retail-oriented

NEW INTERNATIONAL BOND ISSUES

Table with columns: Amount m, Coupon %, Price, Maturity, Fees, Book runner. Rows include US DOLLARS, AUSTRALIAN DOLLARS, SWISS FRANC, YEN.

*4-Franchise placement, 400th equity warrants. †Fixed-rate bonds. ‡Fixed-rate bonds. § Coupon set by 1/2% from indication. ¶ Coupon increased by 1/4% from indication. †† Coupon set by 1/2% from indication. ††† Coupon increased by 1/4% from indication. †††† Coupon set by 1/2% from indication. ††††† Coupon increased by 1/4% from indication.

paper at less 1.85 bid, but added that the deal's size would prevent widespread trading. The deal was syndicated on a so-called take-and-pay basis, whereby underwriters were offered a final allocation at a fixed price. A DBCM official said that this method of syndicating issues had been adopted some weeks ago and was judged as sensible in current market conditions. Bankers Trust had a busy day, launching three deals including an oil-linked \$60m one-year deal for Exportfinans. The bonds were offered in two \$25m tranches with different redemption amounts based on investors taking a view on future oil prices. A FFY750m eight-year deal

was brought by Credit Lyonnais for Olivetti International. The 9 per cent coupon attracted some international demand, yielding 56 basis points over French government bonds at less than full issue.

However, the deal ran into some resistance to what investors saw as over-supply in the sector.

The lead manager was quoting the paper at around less 2 bid on fees.

In Switzerland yesterday, syndicate managers looked in amazement at an increase in the coupon on Tuesday's SFY200m equity warrants deal for Kasumi. Handelsbank NatWest raised the coupon by 1/2 point to 2 1/2 per cent to try to make the deal more attractive to investors. However, there was comment that coupons need to be around 3 per cent before there will be real demand. The bonds were trading at less 4 bid.

Tokyo to ease Euro-yen issue rules for foreigners

By Andrew Freeman

MOVES to liberalise rules for non-Japanese issuers of Euro-yen bonds are expected to come into force today. The changes were signalled by the Japanese Ministry of Finance at the beginning of June and are part of wider attempts to bring more capital markets business to Tokyo.

Syndicate managers are hoping for several deals to take advantage of the relaxation of restrictions, which have stopped non-resident borrowers issuing Euro-yen bonds of less than four years' maturity.

In addition, the existing single-A rating floor will be removed so that any borrower with a recognised credit rating will be allowed to issue bonds. This will significantly widen the pool of borrowers able to tap the market. The moves are designed to encourage greater use of the Euro-yen market after a period of stagnation. However, traders were warning by the Japanese authorities yesterday that there will not be a flood of deals because swap rates and a weak currency make the sector unattractive to many borrowers. Among issuers thought to be contemplating deals today are the State Banks of Victoria and South Australia, and Chrysler, the US corporation. The issue sizes will be small, however, and syndicate managers will concentrate on high targeted and Nikkei-linked issues.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Thursday June 15 1989, Index, Day's Change, Est. Earnings Yield, Gross Div. Yield, Est. P/E Ratio, Index No., Index, Index No., Index No., Year ago (approx.).

FIXED INTEREST

Table with columns: PRICE INDICES, Thursday June 15, Day's change, Wed Jun 14, Index, Day's change, Est. Earnings Yield, Gross Div. Yield, Est. P/E Ratio, Index No., Index, Index No., Index No., Year ago (approx.).

RISES AND FALLS YESTERDAY

Table with columns: British Funds, Corporate, Dominion and Foreign Bonds, Industrial, Financial and Properties, OIS, Other, Total.

LONDON RECENT ISSUES

Table with columns: Issue, Amount, Maturity, Yield, Price, Book runner.

FIXED INTEREST STOCKS

Table with columns: Issue, Amount, Maturity, Yield, Price, Book runner.

RIGHTS OFFERS

Table with columns: Issue, Amount, Maturity, Yield, Price, Book runner.

TRADITIONAL OPTIONS

Table with columns: Issue, Amount, Maturity, Yield, Price, Book runner.

LONDON TRADED OPTIONS

Table with columns: Option, Call, Put, Price, Bid, Offer, Volume.

PROPERTY INVESTMENT & FINANCE

The Financial Times proposes to publish this survey on: 6th July 1989. For a full editorial synopsis and advertisement details, please contact: Joanna Dawson on 01-873 3269 or write to her at: Number One, Southwick Bridge, London, SE1 9HL.

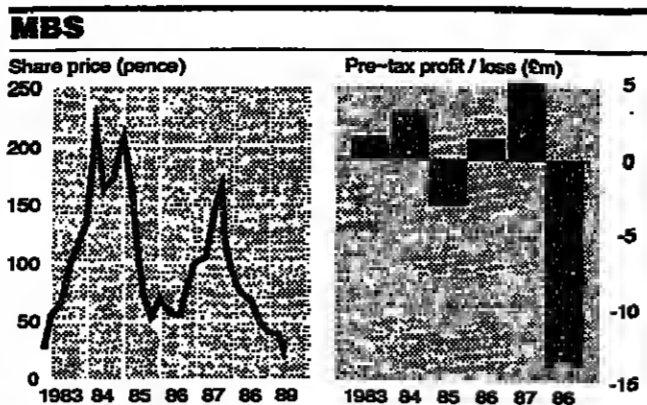
UK COMPANY NEWS

The wisdom behind selling your core business

John Ridding analyses the reasons for and the motives behind beleaguered MBS' plan for survival

SHAREHOLDERS meet today to decide the fate of MBS, once the UK's largest personal computer distributor...

Without this source, shareholders may wonder how MBS will again be able to generate earnings sufficient to return the share price to a respectable level.



bro, from loss to profit and it is claimed that Realnew too will be seeing monthly contributions by the end of the current year.

a long list of contracts, many with a high degree of uncertainty stretching out for three years.

"In the shareholders' interests I would be obliged to consider any bid offering tomorrow's share price today."

Strong second half helps LIG profit recover to £33.7m

By David Waller

LONDON INTERNATIONAL Group yesterday demonstrated that it has recovered from its first half problems when it announced pre-tax profits up by 7 per cent to £33.7m.

Photoprocessing services increased profits from £10.4m to £12.7m on turnover up from £80.6m to £94.6m.

The problems in the US - which arose because of the poor quality of latex supplies - took their toll, cutting the growth in the contribution from health and household products.

Yesterday's results from LIG were no more than in line with expectations. Yet that was enough to send the shares up 3p to 225p.

Cairn sale of Lignum oil assets

CAIRN ENERGY, the independent oil and gas producer, is selling some of its US assets for \$17.2m (£11.3m).

The sale, which is line with the company's strategy of concentrating its activities on US gas exploration and production, comprises three separate transactions.

Acquisition and organic growth lift Staveley 20%

PRE-TAX profits of Staveley Industries, the measurement, mechanical and electrical services and manufacturing group, rose 20 per cent, from £18.1m for 53 weeks, to £21.8m for the 52 weeks to April 1.

Measurement's results benefited from the acquisition of Qualcorp in April 1988 and this year and changing mix of US tax charges.

Capital employed within the group has increased from £71.1m to £86.6m while the increase in borrowings has meant that gearing has gone up from 14.5 to 36.6 per cent.

currently facing a bid from the very Mr David McErlain whose Anglo United group was earlier this year renounced to hold a stake in Staveley.

while the £2.2m increase in measurement's profits (to £9.2m) is thought to be due solely to the February 1988 acquisition of Qualcorp.

Sea Containers bid hangs on US decision

By Andrew Hill

The US courts have yet to rule on whether Stena, a privately-owned Swedish ferry group, and Tiphook, the UK container rental company, can go ahead with their hostile bid for Sea Containers.

Approval for RTZ deal

By Kenneth Gooding, Mining Correspondent

SHAREHOLDERS in the RTZ Corporation yesterday gave approval to the mining and industrial group's \$4.3bn purchase of BP Minerals.

man, said RTZ expects to complete and pay for most of BP Minerals assets on June 30.

Downturn at slimline Carroll

REDUCED PRE-TAX profits of £3.96m (£3.44m) compared with £4.53m were announced by PJ Carroll and Company, the Dublin-based tobacco, aquaculture and direct marketing group, for the six months to March 31.

bulk - \$97.5m (£103.15m) - coming from tobacco which made profits of £5.44m (£6.12m). Losses of £742,000 (£829,000) were incurred in aquaculture and £712,000 (£2.21m) in direct marketing.

accounting period is for the 18 months to March 31 1989. For the previous year dividends totalled 8.2p. Earnings for the first six months fell to 4.9p (5.7p).

COMPANY NEWS IN BRIEF

AMERICAN DISTRIBUTORS has bought White Plains Tobacco and Candy, of New York state, for \$750,000.

Conrad Holdings (name now changed to Cabra Estates) has been accepted by holders of 88.4 per cent of the ordinary capital and has been declared wholly unconditional.

FENNY & GILES International has, through two wholly-owned subsidiaries, agreed terms with Thorn EMI Technology for the purchase of stock, fixed assets business contracts and employee obligations relating to the data recording business of Thorn EMI Data Technology in the UK and Thorn EMI Technology in the US.

and various employees for £560,000 cash. Provincial will meet certain other obligations. SAVOY HOTEL has bought a controlling interest in St Quentin, the Knightsbridge restaurant, grill and patisserie.

Electrocomponents: Clerical Medical and General Life Assurance holds 10.15m (4.97 per cent); Standard Life Assurance holds 11.53m (5.64 per cent) and Scottish Widows Investment Management 12.5m (6.12 per cent).

PUBLIC WORKS LOAN BOARD RATES

Table with columns: Term, Rate, and other financial metrics. Includes rows for 'Over 1 up to 2', 'Over 2 up to 3', etc.

Invitation: The Board of Directors of TUNGSRAM CO. LTD (1340-Budapest IV., Vaci ut 77., Hungary) hereby notifies that the Company shall hold its extraordinary general meeting on 21st July, 1989 at 2 p.m. in the Board Room of the Company at the above address 1340-Budapest IV., Vaci ut 77., Hungary.

SWEDISH INDUSTRY: The Financial Times proposes to publish a Survey on the above on 30th June 1989. For a full editorial synopsis and advertisement details, please contact: Chris Schaaming on 01-873 3428 or Gillian King on 01-873 4823 or write to them at: Number One, Southwark Bridge London SE1 9HL.

U.S. \$200,000,000: BANK OF BOSTON CORPORATION Floating Rate Notes Due 2000 Issued 12th September 1988. Interest Period 14th March 1989 to 14th September 1989. Interest Amount per U.S. \$200,000 Note due 14th September 1989 U.S. \$2,522.49. Credit Suisse First Bank Limited Agent Bank.

UK COMPANY NEWS

'Satisfactory result' considering last summer's 12-week strike
VSEL marginally down at £17.1m

By John Thornhill

VSEL CONSORTIUM, the defence contractor which builds British Trident-carrying submarines, reported only a fractional decrease in pre-tax profits from £17.63m to £17.06m in the year to March 31, despite a 12-week strike last summer at Barrow-in-Furness.

The directors are recommending a final dividend of 9p, which will increase the year's payment to 11p (10p). However net earnings per share fell to 44.1p (48.3p). During the year, VSEL delivered Campbeltown, a type 22 frigate, and Trenchant, a Trafalgar class submarine.

Ford Sellar in £84m offer for Brookmount

By Philip Coggan

FORD SELLAR Morris Properties has launched an agreed cash offer for fellow property group Brookmount valuing the latter group at £84m.

The offer, which is being funded by a loan from Bankers Trust, represents a major expansion for Ford Sellar Morris which is capitalised at just £48m. Following the purchase the combined group will have a gearing ratio of around 200 per cent.

Cambridge Instrument meets City forecasts with 68% rise

By John Ridding

CAMBRIDGE INSTRUMENT, the scientific and optical equipment group, yesterday announced pre-tax profits of £5.82m for the year to March 31, an increase of 68 per cent and in line with City forecasts.

Mr Terry Gooding, chairman, said the results "indicated a significant recovery from the problems of 1987-88" when weakness in the semiconductor markets prompted a 50 per cent fall in profits to £3.5m.

Mr Gooding said the restructuring of the new businesses and their integration into existing operations was proceeding well. He said that on completion, the integration of its US operations could result in profit improvements in the region of \$5m (£3.33m).

COMMENT

Cambridge Instrument seems to be back on course following the disappointments of 1987-88. But it will be a while yet before the company reaps the full benefit of its recovery strategy.

Gowings to join main market with £14.5m tag

By Clare Pearson

GOWINGS, a motor, leisure and investment concern, is joining the main market via a £4.4m placing - all of which raises new money.

The placing is of 2.75m shares at 16p each to give a market value for the company of £14.62m. The historic p/e is 12.8 and the net asset value per share at the last balance sheet date 22p.

Gowings' motor division, the historic core of the company, comprises two Ford main dealerships, an additional four petrol forecourts and a company supplying converted vehicles for wheelchair passengers.

Treatt to join USM with valuation over £10m

By Vanessa Houlder

TREATT, a supplier of essential oils and aromatic chemicals, is being brought to the Unlisted Securities Market by Hambros Bank, in a placing that values it at £10.07m.

The company started trading as an essential oil merchant in the City of London in 1988. It supplies, merchants, blends and distils oils for fragrance, food, soft drinks, pharmaceuticals, soap and detergent businesses.

Bradstock falls back to £3m

By Vanessa Houlder

Weak market conditions hit Bradstock Group in the half year ended March 31 1989 and pre-tax profits fell from £3.81m to £3m.

Despite the difficult circumstances the directors are confident in the future and are lifting the interim dividend from 1.5p to 2p.

Turnover in the period was static at £7.72m but administration expenses rose £1m to £5.98m. Earnings fell to 7.2p (9.5p).

London Scottish Bank rises to £1.51m

London Scottish Bank reported pre-tax profits up to £1.51m (£1.3m) in the half year to April 25.

Earnings rose 2.2p (2p) before extraordinary profits of £54,000 this time. The interim dividend is 0.75p (0.65p). Turnover rose 20 per cent to £12.74m (£10.62m).

John Tams up 10.5% to £2.36m

John Tams Group, USM-quoted maker of ceramic mugs and tableware, lifted turnover and profit 10.5 per cent in the year ended March 31 1989.

Significant growth was looked for in the current year, said Mr Gerald Tams, chairman. The contribution from Duchess China (A.T. Finney, acquired in January) was already apparent and the development of its full potential was a major priority.

Turnover of the group, which came to the USM a year ago, rose from £11.18m to £12.34m, while profit reached £2.36m (£2.14m). Earnings were 8.25p (7.41p) and the final dividend is 2.4p for a total of 3.6p.

Electra Investment doubles profits

Electra Investment Trust, which provides equity finance for unlisted companies in the UK, Europe and the US, reported net profits more than doubled at £5.34m, against £2.42m, in the six months to March 31.

The net assets attributable to shareholders at March 31 were £51.7m, against £45.7m at September 30 last year. The fully diluted net asset value at the interim date was 318.35p per share, which compares with 281.53p last September

and 326.46p at May 31 this year. The rise in the eight-month period between September and May was 15.96 per cent, which compares with one of 12.27 per cent for the FT-A All-Share Index.

In the period, the company's unlisted portfolio moved up to £327.6m (£270.06m), while the listed portfolio was reduced to £194.5m (£221.55m).

Gartmore American progresses

Gartmore American Securities gross revenue rose from £1.2m to £1.8m in the year to March 31. Directors have proposed a final dividend of 1.5p making 2p (1.6p); there is also a special dividend of 1.3p.

Income from dividends totalled £354,257 (£307,400) while interest receivable amounted to £373,036 (£3,703) and interest on deposits to £464,288 (£241,723).

Pre-tax revenue emerged at £1.17m (£970,713) and tax charged was £377,979 (£177,537) leaving earnings of 4.42p (2.19p) per 25p share. Net asset value over the year rose from 171.3p to 183p.

Allen coming to USM via placing

By Vanessa Houlder

ALLEN, a north west-based housebuilding group, is coming to the Unlisted Securities Market in a placing that will value it at £24.5m.

Barclays de Zoete Wedd announced that 4.2m shares would be placed at 10p per share, representing 18.8 per

cent of the group's share capital, 75 per cent of the shares are being placed through BWD Rensburg and 25 per cent through Henry Cooke, Lumsden.

Allen is involved in contracting in the private and public sectors, housebuilding (pre-

dominantly in the low to middle price range), hire services and property disposal. Pre-tax profits for the year ended March 31 were £3.99m (£1.83m) on turnover of £43.41m (£32.83m). At the placing price, the shares have a price earnings multiple of 8.5.

MERCURY SELECTED TRUST (SICAV)
10 boulevard Roosevelt, B.P. 408, L-2014 Luxembourg
PAYMENT OF DIVIDEND
Notice is hereby given to Shareholders that, following a Resolution passed at the Annual General Meeting of Shareholders held in Luxembourg on 15th June, 1989, final dividends for the year 1988 of US\$0.60 per share for the Global Managed Currency Fund, US\$0.15 per share for the North American Opportunities Fund, US\$0.35 per share for the United Kingdom Fund, US\$0.10 per share for the Global Bond Fund and US\$0.10 per share for the Yen International Equity Fund have been declared.

NOTICE to the holders of THE DOW CHEMICAL COMPANY
(Incorporated with limited liability under the laws of the State of Delaware, U.S.A.)
750,000,000 7 per cent Bonds 1994 (the "Bonds")
NOTICE IS HEREBY GIVEN that, the following Paying Agent for the Bonds will resign its appointment as a Paying Agent as from July 17, 1989.

VESTLANDSBANKEN
US\$5,000,000
Subordinated Floating
Rate Notes
Due 1992
For the six months, 19th June 1989 to 19th December 1989 the interest rate has been fixed at 8-3/4% per annum.

Notice to the holders of EUROPEAN INVESTMENT BANK
Notice is hereby given that the following Paying Agent for the Bonds will resign its appointment as a Paying Agent as from July 17, 1989.

Growth restricted at Colorvision

Investment costs restricted the growth in pre-tax profit to 11 per cent at Colorvision in the half year ended March 31 1989.

Turnover advanced 53 per cent to £18m (£11.8m), but operating profit was little changed at £1.77m (£1.7m). Costs were incurred for increased investment in new premises. Also, significant expenditure was made in satellite broadcasting initial sales of dishes were good and after a short period of decline, were beginning to pick up again, the chairman stated.

Earnings were up to 6.79p (6.11p) and the interim dividend is 1.85p (1.73p).

Electra Investment doubles profits

Electra Investment Trust, which provides equity finance for unlisted companies in the UK, Europe and the US, reported net profits more than doubled at £5.34m, against £2.42m, in the six months to March 31.

The net assets attributable to shareholders at March 31 were £51.7m, against £45.7m at September 30 last year. The fully diluted net asset value at the interim date was 318.35p per share, which compares with 281.53p last September

and 326.46p at May 31 this year. The rise in the eight-month period between September and May was 15.96 per cent, which compares with one of 12.27 per cent for the FT-A All-Share Index.

In the period, the company's unlisted portfolio moved up to £327.6m (£270.06m), while the listed portfolio was reduced to £194.5m (£221.55m).

CORPORATE FINANCE
The Financial Times proposes to publish a Survey on the above on 12 July 1989
For a full editorial synopsis and advertisement details, please contact: DAVID REED
on 01-873 3461 or write to him at:
Number One, Southwark Bridge, London SE1 9HL.
FINANCIAL TIMES

TREATT PLC
Placing by Hambros Bank Limited
of 2,286,031 ordinary shares of 10p each at 107p per share
Treatt is a supplier, merchant, blender and distiller of essential oils and aromatic chemicals which are used as flavour and fragrance raw materials in a wide variety of consumer products.
Share capital Issued and now being issued, fully paid £941,500
Authorised £1,250,000 Ordinary shares of 10p each

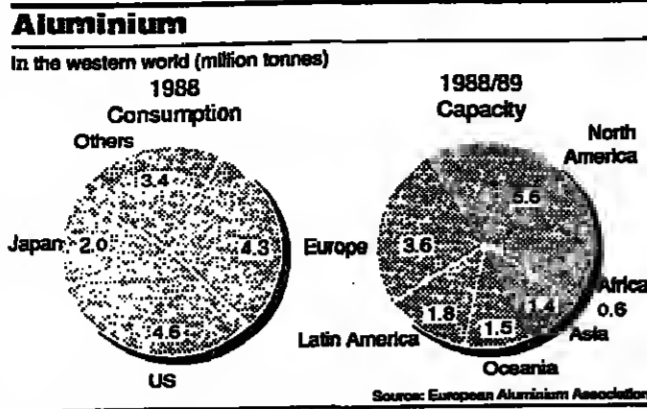
Allen Plc
BARCLAYS de ZOETE WEDD LIMITED
of 4,201,280 Ordinary shares of 5p each at 110p per share payable in full on acceptance
Share capital following the placing Issued and fully paid £1,116,512
Authorised £1,400,000 Ordinary shares of 5p each

COMMODITIES AND AGRICULTURE

Aluminium producers woo the green vote

Kenneth Gooding on efforts to stress the metal's "environmentally friendly" qualities

THE DAY will come when car junk yards will disappear and Europeans will insist that all their new cars are made from materials which can be recycled or disposed of without harm to the environment.



This is also one of the fastest-growing areas of aluminium consumption, currently accounting for about 11 per cent of aluminium usage in western Europe.

Japan's example and eliminate most of its capacity. It needs to maintain a reasonable level of production to feed its growing domestic market.

He expects increases in capacity in the region including Pechiney's planned 200,000 tonnes a year smelter at Dunkirk - to do no more than replace closures.

Soyabean markets in confusion over Soviet buying rumours

By Deborah Hargreaves in Chicago

CHICAGO'S SOYABEAN futures complex was in confusion yesterday as rumours circulated of large purchases by the Soviet Union.

Meanwhile, Mr Markey believes the market is currently performing well, "it isn't bullish of itself, we just realise we've overdone the downside on some of these crops," he said.

US studies sugar policy options

By Nancy Dunne in Washington

Mr Huckaby is considering a scheme combining domestic production controls and a quota system, which he believed to be consistent with the GATT.

The Bush Administration faces stiff legal constraints in changing administrative changes, according to a report issued by the Congressional Research Service last week.

UK forestry industry seeks further policy changes

By James Buxton, Scottish Correspondent

THE UK forestry industry said this week that further changes were needed to the forestry which the Government set last year when it ended tax relief for forestry.

Forestry policy itself had not changed but the mechanisms through which successive governments supported it had.

The committee, which is holding its first annual meeting in Edinburgh, will be making recommendations to the Government later in the year.

Since forestry is now being taken out of the tax system, with tax incentives replaced by increased grants for tree planting, the Forestry Industry Committee is thought likely to press for this process to be taken a stage further with the possible exemption of woodland from inheritance tax.

Colombia presses on with coal projects

Sarita Kendall in Cartagena

COLOMBIA, host to this week's fourth Pacific Rim Coal Conference, will be well placed to take advantage of the growing demand for steam coal in the 1990s, which was being widely predicted at the conference.

The centre zone mine is initially designed to produce 1.5m tonnes a year, capacity is estimated to be at least 10m tonnes a year. Plans to expand the northern zone by a further 10m tonnes in 1990, about 2000 year have also been discussed.

WORLD COMMODITIES PRICES

Table with multiple columns for various commodities like Cocoa, Rubber, Wheat, etc., showing prices and changes.

Table with multiple columns for various commodities like Aluminium, Copper, Lead, Zinc, etc., showing prices and changes.

Table with multiple columns for various commodities like Gold, Silver, Platinum, etc., showing prices and changes.

Table with multiple columns for various commodities like Soybeans, Corn, Wheat, etc., showing prices and changes.

Table with multiple columns for various commodities like Soybeans, Corn, Wheat, etc., showing prices and changes.

LONDON STOCK EXCHANGE

Another erratic session for equities

LONDON EQUITY markets cleared the first set of this week's hurdles - in the form of the US trade figures - without too much strain yesterday, closing only a shade earlier after a somewhat erratic trading session.

The market peaked early, however, and a gain of more than nine FT-SE points was then whittled away as the market grappled with the latest data on the UK economy.

The underlying rise of 9.25 per cent in UK earnings in April was slightly below the worst case forecasts by analysts but, "brought no particular comfort" to a market still concerned over wage pressures, according to Mr Bill Smith of Prudential-Bache.

Although gains in market indices were subdued during the mid-session period, there was good US demand for a range of international stocks, notably BAT Industries, Han-

ton and British Airways. However, this was not always directly reflected in prices in these widely traded shares. London began to push ahead again as it awaited the US trade figures, but was undermined towards the close by Wall Street's initial fall, which cast a query over positions in the London market built up by US houses.

Little nervous at the loss of the 2,190 level, turnover at 858.8m shares through the Sdaq system showed a significant rise on Wednesday's 487.6m; the total was boosted by heavy business in British Steel following the trading figures.

The equity market still faces further challenges in the form of the latest data on domestic inflation today, as well as the outcome of two by-elections in the UK and elections to the European Parliament.

The inflation data, in particular, could pose problems for sterling, which dipped closer yesterday to the sterling exchange rate of 90 regarded as a trigger level for the UK authorities.

Mixed session for Steel

Heavy trading and a somewhat erratic share price performance greeted full-year figures from British Steel. The shares firmed initially on the announcement of profits near the top of expectations, touching 89p before stories filtered into the market that the management was predicting a less than smooth ride towards the end of the current year.

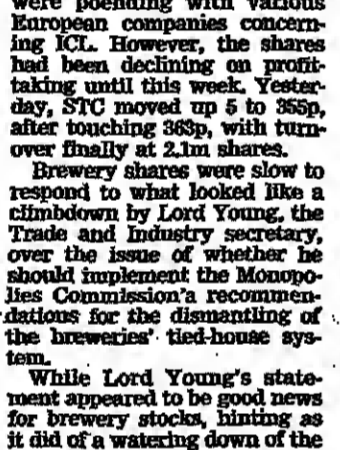
Mr Mark Wright, analyst at broker Hoare Govett, pointed out that Steel's dependence on the UK market had increased over the last year - exports were down and domestic sales up. The key to the group's performance in the difficult question of how to assess the steel market in nine months time.

"British Steel should track the market in the medium term," he said, "although it may be weak in the short term with the stock going ex-dividend on Monday and the payment of the 5p second tranche in September. Other analysts were more cautious in their forecast, edging up 530m to 580m. The last quarter might see trading weakness, but it will show up earlier in the share price, in sentiment if not in fact."

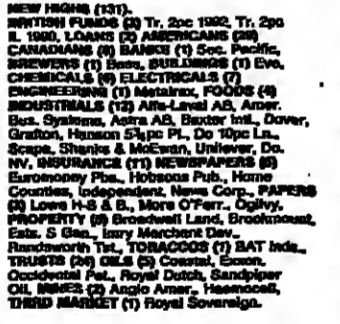
Account Dealing Dates

Table with columns for Account Dealing Dates, View Dates, and Last Dealing Dates. Includes dates for Jun 15, Jun 16, Jun 17, Jun 18, Jun 19, Jun 20, Jun 21, Jun 22, Jun 23, Jun 24, Jun 25, Jun 26, Jun 27, Jun 28, Jun 29, Jun 30.

FT-A All-Share Index



Equity Shares Traded



STC advances

Favourable predictions from the company's stockbrokers helped STC hold out against the market trend. Both the dividend and profits outlook found recommendation in a review from Hoare Govett, the securities house, now sole broker to STC.

The Hoare review of STC, written by Mr Miles Sallitt, electronics analyst, rates STC shares as "undervalued" and says that the group is "poised for premium earnings growth."

While Lord Young's statement appeared to be good news for brewery stocks, hinting as it did of a watering down of the MMC's proposed reforms, the subsequent rejection by the Brewers Society of Lord Young's proposal kept the bulls in check. "Prolonged uncertainty can only be bear-

minor improvement at 295 1/2

on turnover of 8.6m shares after the company revealed it intends selling some of its worldwide coal interests. This comes hard on the heels of the sale of its BP Minerals division to RTZ, the UK mining group, for around 4.2bn.

Dealers said that the strong support for BP shares in recent days could perhaps have been triggered by speculation of imminent big moves by the company. Analysts were taking the view that the coal interests could well be worth more than 250m and possibly as much as 300m, but certainly less than 41m (255m), given that operating profits from that division were 20m that year, as one researcher put it. He added that the proposed sale was consistent with BP's strategy and was by no means construed as a distress selling.

Specialists noted a distinct increase in interest in the energy sector. The Hon's shares of demand was directed towards BP, which managed a

Gordon, the agency broker.

Leigh Interests, the waste disposal group and regarded as one of the market's "green" stocks, rose strongly to close 10 high at 47p.

The Rascal pair, Electronics and Telecom suffered from renewed profit-taking, closing 10 and 7 down at 52 1/2p and 50 1/2p respectively in much smaller turnover than recently.

A buy recommendation in a specialist newsletter generated interest in Sebe which climbed to 52 1/2p before settling back to 51 1/2p, a net improvement of 7. Turnover was 2.1m shares, high for the stock, and a couple of trades of more than 500,000 shares were seen on the Sdaq ticker.

FINANCIAL TIMES STOCK INDICES

Table showing Financial Times Stock Indices for various categories like Government Secs, Fixed Interest, Ordinary, Gold Mines, etc. Includes columns for Jun 15, Jun 14, Jun 13, Jun 12, Jun 11, Jun 10, Jun 9, Jun 8, Jun 7, Jun 6, Jun 5, Jun 4, Jun 3, Jun 2, Jun 1, Jun 0, Jun -1, Jun -2, Jun -3, Jun -4, Jun -5, Jun -6, Jun -7, Jun -8, Jun -9, Jun -10, Jun -11, Jun -12, Jun -13, Jun -14, Jun -15, Jun -16, Jun -17, Jun -18, Jun -19, Jun -20, Jun -21, Jun -22, Jun -23, Jun -24, Jun -25, Jun -26, Jun -27, Jun -28, Jun -29, Jun -30.

S.E. ACTIVITY

Table showing S.E. Activity with columns for Index, Jun 14, Jun 13. Includes categories like Gilt Edged Bargains, Equity Bargains, Equity Value, etc.

TRADING VOLUME IN MAJOR STOCKS

Table showing Trading Volume in Major Stocks with columns for Stock, Value, Change, etc. Includes stocks like ASA Group, British Steel, etc.

ceived figures various brokers regard the stock as good value at current levels. Shares in beleaguered retailer Gateway dropped 1 1/2 to 210 1/2p on turnover of 4.1m. The takeover Panel's criticisms of Gateway's recent property valuation came too late to affect the share price.

FT LAW REPORTS

Sugar contract time term is not a condition

SARA D Court of Appeal (Lord Justice Kerr). Lord Justice Lloyd and Lord Justice Butler-Sloss. June 8 1989. A TIME clause to a mercantile contract is not necessarily a condition, and failure to fulfil an obligation to open a performance bond guarantee within a specified time is not repudiation, or the absence of express or implied intention to the contrary, if it relates not to the main part of the contract but to a subsidiary part of the contract and has only a small commercial value within the context of the contract as a whole.

The Court of Appeal so held when allowing an appeal by Trans Continental Airlines Ltd (formerly M. Golodets Ltd) (the sellers) against the State Trading Corporation India Ltd (the buyers) on the basis of a decision by Mr Justice Evans's decision that they had repudiated the contract for sale of the sugar to the buyers. State Trading Corporation India Ltd, by failing to open a countertrade guarantee performance bond within the time specified in the contract.

For the sellers: Bernard Rix QC and Angus Glenie (Sirlin, Roche & Temperley). For the buyers: Anthony Diamond QC and Geraldine Andrews (Ince & Co). Rachel Davies Barrister

APPOINTMENTS

Glaxo Pharmaceuticals new managing director

Mr Sean Lance has been appointed managing director of GLAXO PHARMACEUTICALS, a UK subsidiary of the Glaxo Group. He succeeds Dr Brian Hunter whose election to the board of Glaxo Holdings was reported on June 14.

THE WINE AND SPIRIT ASSOCIATION

The Wine and Spirit Association has elected Mr Bernard J Ryan (Conrago) as president and Mr Alistair G. Eadie (International Distillers & Vintners UK) as chairman.

UNITED HOLDINGS

Mr Richard Hargreaves (managing director), Baroness has been appointed chairman and Mr Robert Hargreaves (director, Electric Investment Trust) becomes vice chairman of the BRITISH VENTURE CAPITAL ASSOCIATION.



Mr Christopher Fish (above) has been appointed to the new post of chief executive of LEOPOLD JOSEPH's operations in Guernsey. He was deputy managing director of BSC (Channel Islands).

Mr Raymond Goodall has been appointed a director of HAVELOCK EUROPA. Mr Goodall is managing director of Nottingham Shipsters, the shipfitting operation which Havelock Europa bought from Boots in July 1988.

Mr Eddie George, chairman of Russel Instruments, has been appointed chief executive in place of Mr David Taylor who has resigned as a director of Lynx but who will remain as a consultant. Mr Andrew Barclay has also been appointed to the board of Lynx. Mr Michael Purter, a non-executive director of Lynx, has resigned.

Mr Frank Goddard has been appointed vice president of information systems and technology for the MAXWELL/MACMILLAN group. He was information systems director of Maxwell Communication Corporation.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trst Mgrs Ltd, Abnott Management Ltd, Aegion Unit Trst Mgrs Ltd, etc. Each entry includes the trust name, manager, and key financial metrics.

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GUIDE TO UNIT TRUST PRICING. A detailed section explaining the pricing structure of unit trusts, including how to interpret the data in the tables and the role of the FT Cityline service.

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

Main table containing unit trust information with columns for Name, Price, Yield, and other financial metrics. Includes sub-sections for 'OTHER UK UNIT TRUSTS' and 'INSURANCES'.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-825-2128

Main table containing unit trust information with columns for Unit Price, Offer Price, Yield, and various fund names like 'Premier Life Assurance Co Ltd', 'Prudential Holdings Pension Ltd', etc.

MANAGEMENT SERVICES

David M. Adams Personal Fin. Plnc. 01-225-2522
The Analysts Group PLC 0423-0423
Lansdowne Fund 01-225-2522

OFFSHORE AND OVERSEAS

GUERNSEY (ISB RECOGNISED)
LUXEMBOURG (ISB RECOGNISED)
JERSEY (ISB RECOGNISED)

SWITZERLAND (ISB RECOGNISED)

GUERNSEY (***)
JERSEY (***)
SWITZERLAND (***)

FT UNIT TRUST INFORMATION SERVICE

Table of FT Unit Trust Information Service listing various unit trusts, their performance metrics, and details. Includes sections for 'ISLE OF MAN', 'LUXEMBOURG', and 'OTHER OFFSHORE FUNDS'.

LONDON SHARE SERVICE

Table of London Share Service listing various funds and share prices. Includes sections for 'BRITISH FUNDS', 'COMMONWEALTH & AFRICAN LOANS', 'FOREIGN BONDS & RAILS', 'AMERICANS', 'CORPORATION LOANS', and 'Money Market Bank Accounts'.

LONDON SHARE SERVICE

Latest Share Prices are available on FT Cityline. To obtain your free Share Code Booklet ring the FT Cityline help desk on 01-925-2128

AMERICANS - Contd

Table listing American companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like American Express, American International Group, and American Overseas Corp.

BUILDING, TIMBER, ROADS - Contd

Table listing companies in the building, timber, and roads sectors with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like Bovis Lend Lease and Bovis Lend Lease Group.

DRAPERY AND STORES - Contd

Table listing companies in the drapery and stores sectors with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like Debenhams and Debenhams Group.

ENGINEERING

Table listing engineering companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like Balfour Beatty and Balfour Beatty Group.

INDUSTRIALS (Misc.) - Contd

Table listing miscellaneous industrial companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like British Airways and British Airways Group.

INDUSTRIALS (Misc.) - Contd

Table listing miscellaneous industrial companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like British Airways and British Airways Group.

CANADIANS

Table listing Canadian companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like Alcan and Alcan Group.

BANKS, HP & LEASING

Table listing banks, home products, and leasing companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like Bank of Montreal and Bank of Montreal Group.

ELECTRICALS

Table listing electrical companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like British Telecom and British Telecom Group.

FOOD, GROCERIES, ETC

Table listing food, groceries, and other companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like Asda and Asda Group.

INDUSTRIALS (Misc.) - Contd

Table listing miscellaneous industrial companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like British Airways and British Airways Group.

INDUSTRIALS (Misc.) - Contd

Table listing miscellaneous industrial companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like British Airways and British Airways Group.

BEERS, WINES & SPIRITS

Table listing beer, wine, and spirit companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like Carlsberg and Carlsberg Group.

CHEMICALS, PLASTICS

Table listing chemical and plastic companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like ICI and ICI Group.

DRAPERY AND STORES

Table listing drapery and stores companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like Debenhams and Debenhams Group.

HOTELS AND CATERERS

Table listing hotel and catering companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like Whitbread and Whitbread Group.

INDUSTRIALS (Misc.)

Table listing miscellaneous industrial companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like British Airways and British Airways Group.

INSURANCES

Table listing insurance companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like Aviva and Aviva Group.

BUILDING, TIMBER, ROADS

Table listing companies in the building, timber, and roads sectors with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like Bovis Lend Lease and Bovis Lend Lease Group.

DRAPERY AND STORES

Table listing drapery and stores companies with columns for Stock, Price, Bid, Offer, and P/E ratio. Includes companies like Debenhams and Debenhams Group.

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LONDON SHARE SERVICE

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INSURANCES - Contd

Table of insurance companies including Aviva, AXA, and others, with columns for share price, high, low, and volume.

LEISURE

Table of leisure companies including British Airways, British Telecom, and others.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade companies including British Airways, British Telecom, and others.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing companies including News International, Newsprint, and others.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising companies including Newsprint, Newsprint, and others.

PAPER, PRINTING, ADVERTISING - Contd

Continuation of paper, printing, and advertising companies.

PROPERTY

Table of property companies including British Land, British Land, and others.

SHIPPING

Table of shipping companies including British Airways, British Telecom, and others.

SHOES AND LEATHER

Table of shoes and leather companies including British Airways, British Telecom, and others.

SOUTH AFRICANS

Table of South African companies including British Airways, British Telecom, and others.

TEXTILES

Table of textile companies including British Airways, British Telecom, and others.

TOBACCO

Table of tobacco companies including British Airways, British Telecom, and others.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land companies including British Airways, British Telecom, and others.

TRUSTS, FINANCE, LAND - Contd

Continuation of trusts, finance, and land companies.

OIL AND GAS - Contd

Continuation of oil and gas companies.

OVERSEAS TRADERS

Table of overseas traders including British Airways, British Telecom, and others.

PLANTATIONS

Table of plantation companies including British Airways, British Telecom, and others.

MINES

Table of mining companies including British Airways, British Telecom, and others.

D.F.S.

Table of D.F.S. companies including British Airways, British Telecom, and others.

OIL AND GAS

Table of oil and gas companies including British Airways, British Telecom, and others.

FINANCE

Table of finance companies including British Airways, British Telecom, and others.

MINES - Contd

Continuation of mining companies.

MISCELLANEOUS

Table of miscellaneous companies including British Airways, British Telecom, and others.

THIRD MARKET

Table of third market companies including British Airways, British Telecom, and others.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including British Airways, British Telecom, and others.

TRADITIONAL OPTIONS

Table of traditional options including British Airways, British Telecom, and others.

This service is available to every company dealt in on Stock Exchange throughout the United Kingdom for a fee of £200 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar slips on profit taking

THE DOLLAR succumbed to a bout of profit taking yesterday, finishing below Wednesday's closing levels. The US unit moved firmer after the release of US trade figures, but failed to break through resistance at DM2.05.

retain faith in the US unit and many expect an early assault on the DM2.05 level. It closed yesterday at DM2.0340 from DM2.0300, after touching a high of DM2.0480.

now centre on UK retail prices for May, due for release today. A rise of 8.3 per cent or slightly less may reduce the pressure on sterling sufficiently for the authorities to avoid another rise in base rates.

MONEY MARKETS

A rally in short sterling

TRADEES in short sterling on Liffe decided it was time to take profits yesterday, as rumours of a sharp rise in April UK average earnings proved unfounded.

economic news and the view that recent predictions of 16 per cent base rates may prove too pessimistic. The market is now waiting for today's figures on May retail prices, amid suggestions that if the year-on-year inflation rate does not rise above 8.5 per cent there could be room for further profit taking.

base level. This would discount a cash rate of around 14 per cent at the time of delivery in September. Trading was active, with September short sterling registering over 35,000 lots.

Table with columns for currency, rate, and change. Includes entries for Belgium Franc, German Mark, French Franc, Dutch Guilder, Italian Lira, and British Pound.

Table with columns for currency, rate, and change. Includes entries for US Dollar, Japanese Yen, Swiss Franc, and Australian Dollar.

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Table with columns for currency, rate, and change. Includes entries for US Dollar, Japanese Yen, Swiss Franc, and Australian Dollar.

£ IN NEW YORK

Table showing exchange rates for £ in New York for various currencies.

POUND SPOT - FORWARD AGAINST THE POUND

Table showing pound spot and forward rates against the pound.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Table showing dollar spot and forward rates against the dollar.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies.

OTHER CURRENCIES

Table showing other currency rates for various currencies.

STERLING INDEX

Table showing the Sterling Index for various currencies.

CURRENCY RATES

Table showing currency rates for various currencies.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates.

MONEY RATES

Table showing money rates for various currencies.

LONDON MONEY RATES

Table showing London money rates for various currencies.

MONEY MARKETS

London rates steady

THERE WAS little change in interest rates on the wholesale market in London yesterday. The underlying rise in April UK average earnings was lower than feared, but the market remained nervous ahead of today's UK retail prices index for May.

bank balances below target of £50m. In Frankfurt call money was steady at 6.45 per cent. A regular meeting of the West German Bundesbank left the discount rate at 4.50 per cent.

in Amsterdam interest rates had a firm tone, as an allocation of funds by the Dutch Central Bank was seen as short of the money market's requirements. The authorities allocated 11.5 billion at a rate of 6.8 per cent against an expiring facility of 17.7 billion at 8.9 per cent.

in Paris the rise in call money to 9 per cent from 8 per cent was partly technical, as banks hid for funds at the end of an official Bank of France reporting period.

in New York the Federal Reserve drained money from the banking system, via four-day matched sale and repurchase agreements, when Federal funds were trading at 8 per cent.

in London the market during the afternoon. Bills maturing outside official hands and take-up of Treasury bills resulted in a net surplus of £13m.

COMPANY NOTICES

The RTZ Corporation PLC Notice of Rights Issue. To Holders of Ordinary Share Warrants to Bearer. The Directors have decided to raise approximately £400 million by a new issue of ordinary shares.

At a meeting of the Board of Directors held today, the following dividends were declared. ORDINARY SHARES. A quarterly dividend of 1000 Canadian per share on the outstanding Ordinary Shares, payable on July 28, 1989.

Financial Information Service on Japanese Corporate Issuance. MIKUNO'S CREDIT RATINGS on about 4,000 bond issues and about 1,000 short-term notes. Cost: US\$9,000 per year.

I.G. INDEX LTD. 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD. Tel: 01-828 7233/5699. An AFB member Reuters Code: IGIN, IGIO.

JOTTER PAD. A crossword puzzle grid with clues.

CROSSWORD No.6,961 Set by DINMUTZ

Crossword puzzle grid with clues. 1 Released on bail in old England (6). 2 A means of dating vehicle, fine in France (8).

BASE LENDING RATES. A table listing various banks and their base lending rates for different terms.

WORLD STOCK MARKETS

Table of stock market data for various countries including Australia, Canada, Germany, Italy, Japan, and the UK. Columns include stock names, prices, and changes.

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Table of stock market data for Canada, listing various Canadian stocks and their performance.

Table of stock market indices for New York, Dow Jones, and other major indices, showing values and trends.

Table of stock market data for Tokyo, listing active stocks and their prices.

Advertisement for FT hand delivered in Turkey, featuring contact information for Istanbul and other cities.

Advertisement for Room 609, a word of advice for business travellers staying at North America's leading hotels.

3pm prices June 15

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Chg.	Vol.	1000	High	Low	Stock	Chg.	Vol.	1000	High	Low	Stock	Chg.	Vol.	1000
120.00	115.00	AAAR	1.00	100	100	120.00	115.00	AAAR	1.00	100	100	120.00	115.00				
110.00	105.00	AAE	0.50	100	100	110.00	105.00	AAE	0.50	100	100	110.00	105.00				
100.00	95.00	AAI	0.25	100	100	100.00	95.00	AAI	0.25	100	100	100.00	95.00				
90.00	85.00	AAJ	0.10	100	100	90.00	85.00	AAJ	0.10	100	100	90.00	85.00				
80.00	75.00	AAK	0.05	100	100	80.00	75.00	AAK	0.05	100	100	80.00	75.00				
70.00	65.00	AAAL	0.02	100	100	70.00	65.00	AAAL	0.02	100	100	70.00	65.00				
60.00	55.00	AAAL	0.01	100	100	60.00	55.00	AAAL	0.01	100	100	60.00	55.00				
50.00	45.00	AAAL	0.00	100	100	50.00	45.00	AAAL	0.00	100	100	50.00	45.00				
40.00	35.00	AAAL	0.00	100	100	40.00	35.00	AAAL	0.00	100	100	40.00	35.00				
30.00	25.00	AAAL	0.00	100	100	30.00	25.00	AAAL	0.00	100	100	30.00	25.00				
20.00	15.00	AAAL	0.00	100	100	20.00	15.00	AAAL	0.00	100	100	20.00	15.00				
10.00	5.00	AAAL	0.00	100	100	10.00	5.00	AAAL	0.00	100	100	10.00	5.00				
0.00	0.00	AAAL	0.00	100	100	0.00	0.00	AAAL	0.00	100	100	0.00	0.00				

Continued on Page 43

NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for High, Low, and Change. Includes a section for 'Continued from previous page'.

OVER-THE-COUNTER

Nasdaq national market, 3pm prices June 15

Table of Over-the-Counter prices listing various stocks with columns for High, Low, and Change. Includes a section for 'Continued from previous page'.

AMEX COMPOSITE PRICES

Table of AMEX Composite Prices listing various stocks with columns for High, Low, and Change.

Advertisement for 'Travelling by air on business?' featuring Brussels Airlines and the Financial Times logo.

Advertisement for 'It's attention to detail' featuring HWT Resency Brussels and the Financial Times logo.

AMERICA

Weaker dollar and bonds increase pressure on Dow

Wall Street

THE SELLING in the equity market intensified yesterday as the dollar and bonds succumbed to profit-taking...

At 2pm, the Dow was quoted 32.84 points lower at 2,470.52 on moderately active volume of 103m shares...

The US currency had soared in an immediate reaction to news that the US trade deficit had narrowed to \$8.26bn in April...

EUROPE

Italian surge sustained as hefty turnover continues

FOR the third day running, Italy was the star in Europe, with a mixed picture elsewhere...

MILAN continued its surge on the first day of the July trading account in very heavy volume worth L3,500m...

Trading was very lively, very good on the first day of the account, with people looking to build up positions...

The dollar's climb to DM2.04 was also creating a background of uncertainty about interest rates...

dence of stronger growth earlier this year than previous releases had suggested...

The vicious triangle of Time, Warner and Paramount continued to attract interest...

The March deficit was revised up to \$9.54bn from \$8.56bn previously reported...

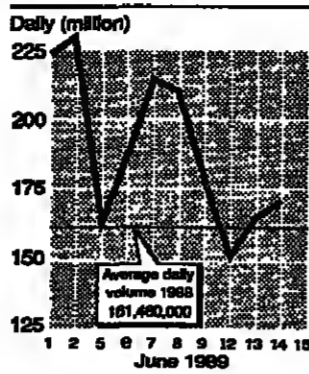
after recent strength. Veba shed DM1.70 to DM2.00 and RWE lost DM2 to DM3.11...

Volume was thought to be similar to Wednesday's at 67.1m shares...

Accor came off FRF2 to FRF1.9 after a speculative run. The hotels group denied it was talking to Trusthouse Forte...

Epoca, car seat manufacturer, jumped FRF8, or 6.5 per cent, to FRF1.39 amid speculation some of the white knight shareholders who stepped in when the company was under attack from Valeo...

NYSE volume



Monsanto jumped 3 1/2% to \$106 1/2 on news that the company and its G.D. Searle subsidiary had reached a settlement...

Canada

WORRIES over the strong US dollar and higher oil prices put pressure on Toronto stocks which slid downwards in morning trade...

Spanish sparkle puts bourses in the shade Madrid was again the trading hot spot in Europe last month, writes Alison Maitland

IN CONTRAST to the heatwave enjoyed by much of continental Europe last month, the pace of equity trading on most bourses failed to warm up until the very last moment...

The strong dollar cast a shadow, feeding anxiety about inflation and monetary tightening and cooling investors' ardour...

The notable exception was Spain, which for the second month running showed the biggest rise in volume among the bourses covered...

Asia Pacific

Yen fall triggers biggest one-day equity drop

investors have kept a low profile. Yesterday even individual investors who had been supporting the market by buying on margin were said to have lost patience...

The Hang Seng index ended 40.46 down at 2,340.02. "There is still a lot of nervousness in the market tied to all the political uncertainty..."

Swire A, the most actively traded stock, shed 40 cents to HK\$14.20, followed by Hutchison and Hongkong Land which eased 10 and 15 cents, respectively...

Western Mining added 8 cents to A\$5.24 on turnover of 3.5m shares with rumours circulating that an attempt was being made to build a reasonable holding in the company...

SOUTH AFRICA

GOLD stocks closed easier in quiet trading. Turnover was thinnest in the morning as the gold price slid but stocks picked up a bit later in line with bullion...

EUROPEAN EQUITIES TURNOVER

Table with columns: Source, May '89, Apr '89, March '89, Feb '89, Jan '89. Rows include Belgium, France, Germany, Italy, Netherlands, Spain, Switzerland.

Volumes represent purchases and sales. Swiss and Belgian data estimated. Italian data adjusted to include off-market trading. Some figures may be revised. Source: County NatWest WoodMac

rate news. In May, trading was subdued by the political uncertainty that followed the collapse of the coalition Government. Dutch stocks were also hit by persistent nervousness about US inflationary pressures...

turnover of 5.6 per cent, 4.8 per cent and 2.7 per cent respectively, and were preoccupied with interest rates for most of the month...

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Property stocks showed the deepest decline as overseas investors continued to take a bearish view in anticipation of a downturn in the colony's overheated real estate market...

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Among heavyweights gold, Veal Reefs lost R9.50 to R293.50.

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FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Table with columns: NATIONAL AND REGIONAL MARKETS, WEDNESDAY JUNE 14 1989, TUESDAY JUNE 13 1989, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, United Kingdom, USA, Europe, Nordie, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. US, World Ex. UK, World Ex. So. A., World Ex. Japan, World Ex. Index.

Advertisement for ENSO-GUTZEIT OY. Text: 'TO SEE ENSO, READ BETWEEN THE LINES'. Image: A person reading a newspaper. Text: 'Enso fine paper is at its best when you notice it the least. You read the print, not the paper. Solid, steady growth. In 1988 Enso supplied pulp, paper, board and wood products worth over GBP 1375 million. That's over 21% more than in 1987. There are good reasons for this growth: continuous development of new products and production technology, close links with customers, and know-how covering the entire process from our own forests to our international sales organization. Uniting all these is a common theme: every Enso product is developed to meet the needs of customers and consumers in a changing market. Part of your everyday life. Enso is a major manufacturer of fine papers for office use, book and magazine publishing, and advertising. In 1988 net sales of Enso Fine Papers amounted to GBP 225 million, an increase of 33% over the previous year. This success is based on Enso's continuous development of new, high quality products based on first-class raw material: pure, virgin pulp. Enso Fine Papers makes grades for offset printing of books and magazines, laser printing of computer printouts, and photo-copying. EG ENSO-GUTZEIT OY. Head Office Helsinki Finland: Tel: +358-0-162 91. Fax: +358-0-162 9471. Telex: 124438 enso s. UK Sales Office: Enso Marketing Company Ltd, Tel: 0688-36911, Fax: 0688-29732, Telex: 896155 enso g. Or contact our sales offices worldwide.'